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**WOODBURN ECONOMIC
DEVELOPMENT STRATEGY**

**(ECONorthwest,
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Woodburn Economic Development Strategy Phase II Report

Prepared for

City of Woodburn

by

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BACKGROUND

This report is an economic development strategy for the City of Woodburn. It is part of a project to improve the chances that Woodburn will get the type and quality of economic development its citizens desire. It describes (1) the City's vision for economic development, (2) issues related to achieving the economic development vision in Woodburn, and (3) recommended economic development policies and other changes to the City's Comprehensive Plan.

This report is the product of the second and final phase of a project that evaluated current and future economic conditions and issues in Woodburn. The first phase of this project resulted in the *Economic Opportunity Analysis*, which described past economic conditions and possible economic futures in Woodburn. The *Economic Opportunity Analysis* provides the base of information for this report, which describes the policies and actions that we reviewed and adopted in the second phase of the project.

The process and products of this project are designed to meet the requirements of Statewide Land Use Planning Goal 9 (Economy of the State) and the administrative rules that implement that goal (OAR 660-09-020).

ORGANIZATION OF THIS REPORT

This report is organized as follows:

Chapter 2: Economic Vision for Woodburn describes the City's vision for its economic future. That vision gives direction about the types of policies that the City will adopt to increase its probabilities of achieving that vision. Those policies get discussed in Chapters 3 and 4.

Chapter 3: Economic Development Issues compares conditions described in the *Economic Opportunity Analysis* with the City's vision for economic development to identify issues Woodburn must address to achieve its economic vision. It also identifies and provides some evaluation of policies the City could adopt to move toward the achievement of that vision.

Chapter 4: Recommended Goals and Strategies contains goals and actions the City of Woodburn can adopt as part of the economic element of their Comprehensive Plan.

Appendix A: Statewide Planning Goal Compliance Issues describes steps the City must take to ensure that the goals and actions in this report properly incorporated into the City's comprehensive plan. It includes a discussion of requirements for adding land to an urban growth boundary.

PURPOSE OF AN ECONOMIC VISION

There are many possible economic futures for Woodburn; there are some impossible ones as well. The challenge for the City is to decide on a future that is not only desirable, but that is also possible given the factors that constrain it. That future is referred to as the City's "economic vision" or "economic development objectives."¹

For example, the existence of the Portland and Salem metropolitan areas only one-half hour from Woodburn in either direction on I-5 creates opportunities and constraints. Among the opportunities: established industrial sectors looking for developable land; a large and mobile labor supply. Among the constraints: state laws about how much growth a jurisdiction can plan to accommodate, and how.

It would be unrealistic, therefore, for Woodburn to aspire to, and plan for, rivaling Portland or Salem as a regional economic center. But it is not unrealistic for Woodburn to plan for more manufacturing growth, even for types of growth it has not had in the past. That growth is not inevitable. It depends, in part, on economic forces beyond the City's control. But it also depends on things the City can influence: the supply of buildable land, the quality and price of public services, quality of life, and incentives for development.

Thus, a vision for the future economy of Woodburn should be:

- A balance between what the City would like to achieve, and what resources and public support the City can realistically expect to muster in support of that vision
- Consistent with state laws
- Understandable to citizens without technical training or experience with economic development
- Capable of being incorporated into the City's comprehensive plan.

The vision that follows meets those criteria.

¹ In this report, the terms "economic vision" and "economic development objectives" are synonymous.

ECONOMIC VISION (DEVELOPMENT OBJECTIVES)

Woodburn's location near the Portland and Salem metropolitan areas means that it has strong opportunities for growth. Over the next 50 years, the population in the Willamette Valley is expected to almost double. About 80% of that growth is forecasted to occur in the counties from Salem north to Portland. Woodburn is at the center of that area, on I-5. For the Salem-Portland area not to grow substantially, the economy of the U.S. and Northwest would have to have some type of major problem that few economists are now predicting. Thus, the most likely prediction for the Portland-Salem area, and by association for Woodburn, is growth.

The question for Woodburn is how much and what type of population and employment growth does the City want? Even with strong regional growth, a city does have the ability to use public policy to affect both the amount and rate of growth.² The Woodburn City Council endorses the following economic vision:³

- Woodburn recognizes its locational advantages (as described in the *Economic Opportunity Analysis*) and believes it is in its interest to encourage economic development and growth in the City.
- Woodburn does not want to be a bedroom community, with a large share of its residents commuting to jobs in the Portland or Salem areas. It wants to provide opportunities for its residents to work at good jobs in Woodburn.
- To that end, Woodburn wants existing businesses to grow and new businesses to locate in the City that will provide higher-wage jobs for existing and future Woodburn residents. Creating high-wage jobs in Woodburn will help reduce commuting distance and stress, and generate tax revenue to help reduce burdens on schools and other social services. High-wage jobs will help Woodburn attract new residents with disposable time and income to contribute to their family and community.
- The Economic Opportunities Analysis identified target industries—ones that could create high-wage jobs in Woodburn while also being compatible with other City goals stated in the Comprehensive Plan. The purpose of identifying these industries was to draw general conclusions about the site needs of businesses in industries with higher-wage jobs. It is not the City's desire to limit

² This point is no less true despite the fact that the State requires counties and cities to agree on local population forecasts that when summed for all jurisdiction in a county add to the State's forecast for a county. Local policies can cause actual growth to be higher or lower than the official forecasts.

³ The first draft of these objectives were derived from a review of adopted policy and comments by the City Council in work sessions and public meetings in May 2001. By adopting this document, the City Council officially adopts these objectives for economic development.

itself to, or focus its policies on, the recruitment of businesses in these specific industries. Other industries that meet the City's multiple objectives for economic development are also welcome.

- New businesses will need, among other things, developable land, good services and transportation, social and cultural amenities, and an educated and skilled labor force. The City expects to take actions to make sure those things are provided at competitive prices.
- Woodburn wants to maintain and increase the livability of its community as it grows. To that end, the City wants to be strategic about any economic incentives it gives to businesses, ensuring that it has the financial resources to maintain the quality of its facilities and services.
- Woodburn wants to provide a range of housing for all household types, and wants to ensure that new housing opportunities are available for households with members employed by the desired new higher-wage jobs in Woodburn.

This chapter builds from the vision described in Chapter 2 and the conditions described in the Economic Opportunities Analysis to identify and evaluate six major economic development issues facing Woodburn:

- Land Use: buildable land, housing, and urban renewal
- Public infrastructure and services: transportation, water and sewer service, quality of life
- Workforce: education and training
- Business development: recruitment and retention
- Finance
- Coordination

For each issue this chapter describes (1) current conditions, (2) how current conditions may affect future economic development in Woodburn, (3) existing City goals and policies, and (4) the types of policies the City could adopt to help it achieve its vision for economic development. Thus, this chapter is an overview of issues and potential policies. Chapter 4 builds on the evaluation in this chapter to recommend economic development policies and other potential changes to Woodburn's *Comprehensive Plan* related to economic development.

LAND USE

BUILDABLE LAND

The *Woodburn Buildable Lands and Urbanization Project*¹ found that Woodburn is expected to have an overall deficit of 205 acres of buildable land over the 1999–2020 period. Estimates by comprehensive plan designation show a 195-acre surplus for low-density residential land, supply equal to demand for commercial and high-density residential land, and a deficit of 332 acres for industrial land over the twenty-year period. An inventory of buildable parcels (which assume that adjacent tax lots can be assembled into larger parcels) shows that Woodburn has no vacant industrial tax lots over 15 acres and no aggregates of adjacent tax lots that exceed 35 acres total. The configuration and size of buildable industrial sites in Woodburn is not a good match for the needs of target industries. The Economic Opportunities Analysis reported that very large manufacturing and high-tech firms want sites as large as 40–80+ acres, campus research and development (R&D) and smaller manufacturing sites require 20–40 acres, and smaller light industrial/office sites require 4–20 acres. Buildable industrial lots in

¹ McKeever/Morris Inc., W&H Pacific, E.D. Hovee & Company, Gabriele Development Services, and Manda Beckett Design. 2000. *Woodburn Buildable Lands and Urbanization Project*. Final report issued February 7.

Woodburn will only meet the need of smaller, light-industrial and office sites. Sites for campus research and development (R&D) and smaller manufacturing firms can only be provided by assembling tax lots under different ownership, and there are no sites available for large-lot industrial firms.

Using data from the *Buildable Lands* Study, the Economic Opportunities Analysis identified three potential sites in Woodburn that meet these criteria. All of the sites have street access and can be serviced with water and sewer. Further analysis, however, revealed that one of the sites was under development in the Spring of 2001, and that the other two are relatively distant from Interstate 5 and are not particularly well-suited sites to accommodate target industries.

The small number of available sites will limit the choices available for firms looking to locate in Woodburn and increases the chances that sites will not be available in the market—for the types of business that the City Council has decided it wants to attract, and that the Economic Opportunities Analysis says it would have a reasonable chance of attracting (given its other characteristics) if vacant industrially-zoned land were available in the greater amounts and better locations. Moreover, interviews ECO conducted with developers and economic development specialists suggest that Woodburn presently has an inadequate industrial land base to attract target or related industries. In summary, the industrial land base is insufficient to meet the City's economic development vision. Woodburn's *Comprehensive Plan* states that "the City should encourage that ...enough industrial is available for industrial growth to accommodate the residential growth expected in the City" (policy C-1, p. 49). The *Comprehensive Plan* does not contain any actions or policies to address the projected deficit of industrial land in Woodburn over the 1999–2020 period.

The recommended alternative of the *Woodburn Buildable Lands and Urbanization Project* contains several actions that would increase the supply of buildable industrial land. Application of a Mixed-Use Campus (MUC) zoning designation to parcels now zoned for residential, commercial, and industrial development would add 33 industrial acres, assuming development on MUC land would be 50% industrial. Expansion of the UGB in four areas would add 208 industrial acres to Woodburn's inventory of buildable land. Even with these changes, however, the *Buildable Lands and Urbanization Project* finds that Woodburn would still have a deficit of 88 acres of industrial land over the 1999–2020 period.

In addition to the actions in the recommended alternative of the *Woodburn Buildable Lands and Urbanization Project*, the City could address the forecast deficit of industrial land by (1) designating some of its vacant residential land supply (which is estimated to be greater than what is needed to accommodate the 20-year housing forecast) for industrial development or making additional expansions of the UGB. Designating commercial land for industrial development is also an option, but it would lead to a deficit of commercial land over the forecast period. Given the general desirability of

segregating, or at least buffering, residential and industrial uses and of providing industrial sites with adequate road and rail access, expanding the UGB has advantages as a way of increasing the supply of industrial sites in Woodburn.

Expanding the UGB will require detailed analysis to comply with statewide planning goals and statutory requirements. If the City chooses to pursue this option, it should review the assumptions made in the draft *Buildable Lands Study*. Specifically, the City should review the population and employment forecasts that are the basis of estimating land needs. A revised employment forecast should reflect judgments about how the City's economic development strategies will affect the employment base. The revised employment forecast will then drive need for commercial and industrial land. The housing needs analysis should be updated to reflect implied changes in the wage distribution. The Transportation System Plan should be updated to reflect these changes. Finally, all of this analysis should be coordinated and reflect how the revised assumptions impact other aspects of the City's plans and policies.

HOUSING

The Economic Opportunities Analysis reported the results of the Oregon Department of Housing and Community Services (HCS) model. It suggests a substantial number of lower cost units will be needed in Woodburn. For example, 1,067 dwelling units, or 45% of the City's total estimated housing need, will be needed for households with incomes under \$20,000. Economic development strategies pursued by the City could change the distribution of housing need. For example, successfully recruiting a high-wage manufacturing plant could create additional need for owner-occupied dwelling units in the \$187,000 and over category.

Providing an adequate mix of housing types and prices is important to attract firms to Woodburn and to achieve a balance of jobs and housing. Without the right housing mix, firms that want to expand or locate in Woodburn may need to rely more heavily on workers who reside outside of Woodburn, or these firms may decide to expand or locate elsewhere.

The need for a mix of housing that corresponds to the income generated by existing and potential jobs is important across the income range—affordable housing for low-income workers and high-quality housing for well-paid executives. Providing adequate housing for highly-paid executives appears to be important for attracting corporate offices. In discussing the suburbanization of corporate headquarters, Joel Garreau states that "there is probably no more important law of Edge City location than this: Whenever a company moves its headquarters, the commute of the chief executive officer always becomes shorter."²

² Joel Garreau. 1991. *Edge City: Life on the New Frontier*. New York: Doubleday.

Woodburn's Comprehensive Plan states that the City's goal "is to insure that adequate housing for all sectors of the community is provided" (G-1, p. 52) and that the "City will insure that sufficient land is made available to accommodate the growth of the City" (G-1-1, p. 52). It is the policy of the City "to encourage a variety of housing types to accommodate the demands of the local housing market" (G-1-2, p. 53) and to "accept its regional share of low income housing" (G-1-4, p. 53).

The City's housing needs analysis should be updated based on revised population and employment forecasts and assumptions about how the City's economic development strategies will affect the local wage structure, households' ability to afford housing, and the local housing market.

URBAN RENEWAL

The City of Woodburn wants to revitalize its downtown. The Economic Opportunities Analysis did not directly address the existing conditions in downtown Woodburn or identify specific problems to be addressed.³ In general, Woodburn has a traditional main street downtown commercial district on Front Street and 1st Street, adjacent to the Union Pacific Railroad tracks. Most of the structures in downtown Woodburn are several decades old and some may be designated as historic structures. Many of these buildings are underutilized or vacant, and many are in need of repair or rehabilitation.

The Economic Opportunities Analysis pointed out that one of Woodburn's comparative advantage is a small-town atmosphere with proximity to urban amenities. Downtown Woodburn and the surrounding older neighborhoods are the key to this small-town atmosphere, so maintaining and enhancing downtown Woodburn is important for maintaining this comparative advantage.

In addition to downtown, Woodburn has two other major commercial districts that may be candidates for urban renewal efforts: the area east of the I-5/Hwy 214 interchange and the Hwy 99 E strip. Both of these commercial districts are major entrances to Woodburn and thus create much of the city's image for visitors.

Woodburn's *Comprehensive Plan* contains Downtown Design and Conservation District (DDCD) goals and policies that seek to maintain and enhance downtown's role in Woodburn (section P, p. 69). These goals and policies seek to support rehabilitation of buildings, improve landscaping and pedestrian amenities, improve the circulation pattern, and attract businesses downtown. Woodburn's *Comprehensive Plan* does not appear to have any goals and policies that specifically address rehabilitation and improvement of other business districts in the city.

³ The City is conducting that analysis as part of a separate study.

To revitalize downtown Woodburn while maintaining its traditional small-town character, it is important that City policies seek to maintain as many old and historic buildings as possible, and to ensure that any new construction fits the style and scale of existing structures. To this end, City policies should emphasize rehabilitation and reuse of existing structures. The City should also seek to maintain downtown's status as a civic and cultural center of Woodburn by keeping government offices and the library downtown and by encouraging cultural activities that will attract people to downtown.

In other commercial districts, City policies should seek to improve Woodburn's image to people visiting or passing through the city. Potential improvements include the provision of sidewalks and pedestrian amenities, planting street trees and other landscaping, relocating utility poles away from the street right-of-way or putting utilities underground, consolidating access points, and better signage to downtown, parks, schools, and other amenities in Woodburn.

PUBLIC INFRASTRUCTURE AND SERVICES

TRANSPORTATION

Transportation analyses have found that the single interchange at I-5 at Highway 214 serving Woodburn is inadequate in its current configuration to serve the forecasted future development in Woodburn. They have identified needed improvements to major highway corridors and key intersections in Woodburn. I-5 access, congestion, and overall accessibility, is expected to get worse.

Transportation access and mobility are critical for economic development: because firms rely on transportation infrastructure for access to customers and workers, and to ship and receive goods. Improving transportation conditions in Woodburn will improve the City's ability to retain existing firms and to attract new ones.

Transportation goals and policies in Woodburn's *Comprehensive Plan* seek to develop a safe, effective, and efficient transportation system. These goals and policies are generally supportive of making the transportation improvements needed for economic development in Woodburn.

The I-5 interchange is Woodburn's biggest transportation problem. In concept, if one accepts (as Woodburn does) that the City will grow and traffic at the interchange will grow with it, then there are two construction solutions to the congestion at the interchange: (1) re-build the existing interchange to increase its capacity, or (2) build a new (second) interchange. ODOT has stated that there is little chance that a second interchange will be constructed in the next twenty years. The City Council accepts this limitation, at least for now. The City may seek to pursue a second interchange if conditions change to allow construction earlier than currently anticipated. To preserve this opportunity, Woodburn's *Comprehensive Plan* should state the City's desire for a second interchange. The transportation

element of Woodburn's *Comprehensive Plan* will also need to be modified to reflect specific improvements recommended in subsequent transportation plans.

WATER AND SEWER SERVICE

Vacant land must have water and sewer service available for development to occur. Target industries may have special needs.

According to City staff, no water or sewer capacity constraints exist at this time that would preclude development of lands designated for commercial and industrial uses. Moreover, staff indicated that there are no areas in the City that cannot be serviced with water and sewer. In the long term, the City will need to drill new wells to provide an adequate supply of water. Staff indicated that the City has sufficient water rights at this time to accommodate forecast population and employment growth.

Development of some larger parcels in the southern areas of Woodburn and land currently outside of the UGB will require service extensions that will increase development costs at these sites. The City has planned ahead for development in some areas. For example, when the City extended Woodland road on the west side of I-5, it also extended a sewer line with sufficient capacity to accommodate additional development in that area.

The City is in the process of completing a stormwater management plan that will include new development standards. Staff indicated that any new development will probably be required to construct detention ponds to reduce flow rate to pre-development condition, and to provide pre-treatment oil/water or vein type separator to reduce oils or biological oxygen demand (BOD). This requirement will increase the amount of land needed to accommodate development.

The availability of water and sewer service is generally supportive of economic development in Woodburn. The availability of water and sewer service is not a constraint on development in other Willamette Valley communities, even for high-use facilities such as silicon chip fabrication plants, so this is not a significant competitive advantage for Woodburn. Goals and policies related to the provision of water and sewer service in Woodburn's *Comprehensive Plan* are generally supportive of providing adequate service to accommodate projected growth while protecting the environment. Growth and Urbanization goals in Woodburn's *Comprehensive Plan* have several provisions that link growth and the provision of public services. These goals seek to:

- Provide a consistent level of public services and facilities in all parts of Woodburn by requiring new development to support and maintain services and facilities at a level equal to or exceeding the level in the rest of Woodburn (L-2, p. 61).

- Maintain City boundaries that support efficient delivery of public services (L-3, p. 61).
- Limit the amount of vacant land within the City for optimum use of public service and utility capacity (L-4, p. 62).
- Insure that growth is orderly and efficient, phasing needed public services in accordance with the expected rate of growth (M-1, p. 64).
- Insure that the City's growth does not exceed its ability to provide public services through adoption of a growth control ordinance. When and if a growth control ordinance is used, the City shall reexamine the public facilities plan and determine at that time if it is in the public interest to expand facilities to accommodate the additional growth (M-2, p. 65).
- Pay for public facility construction through systems development charges from anticipated growth, and to take measures to stimulate growth only under extreme conditions (M-3, p. 65).
- Forbid the extension of sewer and water facilities beyond the city limits, except as agreed to in writing by the City and County (M-10, p. 66).
- Base conversion of land to urban uses in part on consideration of orderly and economic provision for public facilities and services and the availability of sufficient land to insure choices in the market (M-11, p. 66).

While these goals are generally supportive of economic development in Woodburn, the City may want to modify these goals to increase its flexibility and potential for attracting firms that meet its economic development vision. To achieve its economic development vision, the City may need to expand its UGB and extend public services to create potential development sites for commercial or industrial uses. This process may require the City to extend water and sewer service to vacant areas in advance of development, which will require funding in advance of systems development charges revenue. And development sites with the characteristics desired by firms may not be immediately adjacent to the City's existing UGB, requiring a development pattern that is not as orderly or compact as implied by the City's goals. In this context, the City may want to relax its existing goals regarding phasing of public services, funding of public services from systems development charges, limiting the amount of vacant land in order to optimize use of public facilities, and maintaining boundaries for efficient provision of public services.

QUALITY OF LIFE

The City's provision of public infrastructure and services can affect the quality of life in Woodburn as perceived by existing and potential residents.

All of the aspects of public services identified in this chapter have an effect on quality of life in Woodburn; other public services that can effect quality of life include parks and recreation, environmental protection, police, fire, and library services. The quality of local schools has a significant impact on quality of life, but the City only indirectly influences the provision of public education in Woodburn.

The Economic Opportunities Analysis found that a primary comparative advantage for Woodburn is its small-town atmosphere coupled with its access to jobs and urban amenities in Portland and Salem. Maintaining that small-town atmosphere as the city grows will be a challenge for Woodburn. The Economic Opportunities Analysis did not identify any problems with the provision of public services that affect quality of life in Woodburn. It appears that the provision of public services in Woodburn relative to other Willamette Valley communities is not substantially different enough to raise obvious economic development issues. Complicating this issue is the fact that quality of life is subjective, so that the characteristics that affect perceptions of quality of life vary widely between different households and firms.

The City's goals and policies in the Comprehensive Plan seek to protect and enhance the natural and cultural resources in Woodburn, and to ensure adequate and efficient provision of public services in Woodburn. These policies will allow the City to take actions to maintain and enhance quality of life in Woodburn.

Public and private investments contribute to quality of life. In addition to the efficient delivery of public services such as parks and fire protection, the public sector may also fund libraries, museums, performing arts centers, conference centers, and similar facilities. The City of Woodburn currently has a nice library in downtown—the City should evaluate the adequacy of this service on a periodic basis. Research and contacts for this project did not identify a need for additional cultural or social facilities in Woodburn, because they are not particularly important considerations for businesses choosing a location. Also, these facilities typically operate at a loss and thus require a subsidy for operation and construction. Woodburn's proximity to the Portland area allows Woodburn residents to easily take advantage of the social and cultural opportunities in Portland. The City should continue to support and take advantage of opportunities to develop of social and cultural amenities in Woodburn, and seek input from residents on the need for additional amenities in order to maintain quality of life.

Private investments that contribute to quality of life include restaurants, theaters, shopping opportunities, and recreational facilities. The City can support development of these amenities through efficient permitting and delivery of public services. Other measures the City takes for economic development, such as an urban renewal district, can be used to encourage the type of private investment the City wants to enhance quality of life in Woodburn.

WORKFORCE

Data in Economic Opportunities Analysis indicates low level of educational attainment in Woodburn, which suggests that the workforce in Woodburn may not have the skills needed by firms with high-wage jobs. This may make Woodburn less attractive to firms looking for a location. While firms in Woodburn are not necessarily dependent on local workforce because they can attract workers from the Portland and Salem areas, improving the skills of the local workforce would make Woodburn more attractive as a business location.

Workforce development has benefits beyond attracting firms. By improving the skills of local residents, education can help them find higher-paying jobs and may spur more residents to form their own businesses.

Woodburn's *Comprehensive Plan* does not have any goals or policies directly related to workforce development. Potential policies to improve workforce skills in Woodburn include:

- Supporting educational institutions to improve the availability of work skills training in Woodburn, including Woodburn Public Schools and Chemeketa Community College.
- Encouraging collaboration between employers or potential employers and educational institutions to improve work skills education in Woodburn.
- Improving access for Woodburn residents to training programs in the Portland and Salem areas.
- Work with educational institutions to develop industry-specific workforce training as an incentive to attract firms to Woodburn.

The Woodburn Campus of Chemeketa Community College (CCC) is the center of workforce training and career development services in Woodburn. CCC has partnered with the Oregon Employment Department to create the Woodburn Job and Career Center, a "one stop center" to help job seekers find available jobs and receive training to enhance their job skills. Through the Mid-Willamette Workforce Network, the Woodburn Job and Career Center can connect people in Woodburn with job openings and training opportunities in Western Oregon and nationwide for specialized occupations. The Job and Career Center also sponsors training workshops in Woodburn, and will bring specialized training workshops to Woodburn if there is enough interest. The Job and Career Center can also work with employers to screen and train potential employees, as they did for the Woodburn Outlet Mall.

The Woodburn Campus also offers services to support small business owners through training programs, mentorships, and information on other available resources such as Small Business Administration loans. The College, Employment Department, Chamber of Commerce, and City of

Woodburn also collaborate on a Business Development Team to support existing businesses and attract businesses to Woodburn.⁴

The Mid-Willamette Valley Education Consortium, which includes the Regional Chamber Education Alliance, is working to implement a Certificate of Employability in public schools, establish a leadership program in Woodburn High School, and develop school-to-work programs to give students real-life work experience.

BUSINESS DEVELOPMENT

Business development strategies includes efforts to recruit new firms to Woodburn, to improve and expand existing businesses to Woodburn, and to encourage the formation of new businesses in Woodburn.

RECRUITMENT STRATEGIES

Business recruitment programs attempt to attract new businesses to a community by offering incentives, by making investments in the area's workforce and/or infrastructure, or by marketing the area's strengths. Effective business recruitment can create new jobs, increase tax revenues, and help to diversify the local economy. Business recruitment programs have become so common around the country that many people think they are synonymous with economic development.⁵

The City of Woodburn currently does not offer any direct or indirect financial incentives to attract prospective firms that meet the City's economic development vision.

Considerable research has been conducted on the effectiveness of local incentive programs to attract firms to a community. This research shows that the location decisions of firms are based on many factors, only some of which could be influenced by local government, and that the standard tools of recruitment (marketing and tax breaks) are not among the most critical variables for most firms. Rather, their decisions often had more to do with the fundamental characteristics of a region: its access to markets and factors of production; the quality of its labor force; the quality, cost, and stability of its public infrastructure; and the quality of life it afforded to its employees (especially top executives, who were influencing the location decision).⁶ This research suggested a shift in focus from short-term recruitment deals to long-

⁴ The Woodburn Business Development Team was in its inception at the time this report was completed. The effectiveness of the Team is untested at this point. The City should monitor and evaluate the Business Development Team over the next several years to gauge its effectiveness.

⁵ Schweke, William, Brian Dabson, and Carl Rist. 1996. *Improving Your Business Climate: A Guide to Smarter Public Investments In Economic Development*. Washington, D.C.: Corporation for Enterprise Development.

⁶ Schmenner, Roger. 1978. *The Manufacturing Location Decision: Evidence from Cincinnati and New England*. Washington, D.C.: U.S. Economic Development Administration. March.

term investments in public facilities and services. That long view, however, must be concretely implemented by specific, short-run actions.

However, business recruitment strategies have posed several problems for local jurisdictions. First, many of the tax incentive packages have ended up costing jurisdictions more than the benefits gained by attracting the targeted business. In addition, if a jurisdiction's workforce does not match the needs of the new business, then the jobs created by that business will be held by residents of other communities. Finally, business recruitment is, by necessity, something of a zero sum game—one jurisdiction's gain is another's loss.

Fiscal constraints have increased the emphasis on getting public-private partnerships—large incentives are becoming less common. Government is trying to reinvent itself in the image of the private sector. It is focusing on the business of government, on doing efficiently the things that there is a consensus that government should do: infrastructure, education, and services that create an environment in which businesses can work efficiently (public safety, efficient regulation, social services). An implication of this shift is that government should treat economic development policies as investment decisions by considering the return to the community and the opportunity costs of each investment (i.e., the other investments that cannot be made because the resources are being used for this one). The focus has shifted from trying to hit a home run with a single big deal to hitting many singles in targeted areas—a shift toward diversification.

Provided that local jurisdictions offer incentive packages with a cost roughly equivalent to the potential benefits—business attraction can be a good way to diversify the local economy and enhance an area's business mix. In marketing themselves to businesses seeking to move, local governments can focus on the following set of items:

- Making appropriate investments in infrastructure.
- Creating readily available development sites.
- Providing an efficient permitting process.
- Helping create a well-trained and available workforce, and offering assistance with hiring and training workers.
- Providing consolidated information about loans and other assistance programs available through the City and other agencies.
- Creating a perception of high quality of life.
- Effective marketing to prospective businesses.

A key element of business recruiting is to have one person who is the sole point of contact for information and the range of public services needed by prospective firms. This point person should report to the City Manager and have enough influence to get other City departments on board to deliver the permits and public services prospective firms will need to develop sites in Woodburn. This contact person should project a positive, business friendly

attitude, and all discussions among City departments should take place away from the client.

ASSISTANCE FOR EXISTING BUSINESSES

There are a range of potential activities to assist existing businesses, including mentoring for small business owners, classes to improve management skills, assistance with obtaining SBA loans and other assistance, and providing low-interest loans.

Small firms are typically run by overworked owner/managers who find it difficult to read all of the trade journals or do research on new production methods or managerial techniques. These businesses run the risk of being left behind by innovations in their field, or being surpassed by a more agile, often newer competitor located somewhere else.

A number of modernization programs have been launched to help small businesses revitalize themselves. The United States Department of Commerce has funded over 50 Manufacturing Extension Partnerships, including one in Oregon.⁷ This organization, and others like it, function by offering diagnostic assessment at small businesses, examining both production processes and management systems. Recommendations for improvement are then made that might include ideas for better maintenance, better use of statistical process control, a new set of personnel policies, or training to enable staff to understand and improve use of accounting data. Further specialized consulting might be recommended, along with a list of consultants who do the type of work required.

To be effective, these programs must include public and private providers and address the pressing need for businesses to modernize and to upgrade their technologies so they can be more competitive.⁸ A key strategy here is the creation of a revolving loan fund. Many businesses have difficulty getting loans for furnishings, fixtures, and equipment. Banks are reluctant to give loans for these purchases because the loans are not backed by collateral, unlike loans for land or buildings. This makes it difficult for businesses to expand or make investments to improve productivity. To implement a revolving loan fund, cities typically partner with local banks, who have the experience necessary to process the loans.

FOSTERING CREATION OF NEW BUSINESSES

Entrepreneurs hoping to start a new business also need assistance with developing a business plan, securing working capital, obtaining basic government services, finding a business location, hiring and training staff, and producing and marketing products.

⁷ The Oregon Manufacturing Extension Partnership web site can be viewed at <http://www.omep.org>

⁸ Schweke op. cit.

The City of Woodburn currently does not have any goals or policies that seek to assist entrepreneurs in starting new businesses. Prospective business owners can receive assistance through entrepreneurs' training programs offered through Chemeketa Community College. However, there is no central resource in Woodburn for small business people where a prospective business owner can easily investigate the full range of programs available through State and Federal government agencies or other organizations.

One means of providing support to a new business is to create an "incubator" where businesses are grouped with other start-up firms. Incubators are typically housed in flexible office/light manufacturing space. Incubators nurture young firms, helping them to survive and grow during the startup period when they are most vulnerable. Incubators provide hands-on management assistance, access to financing and orchestrated exposure to critical business or technical support services. They also offer shared office services, access to equipment, flexible leases and expandable space—all under one roof. A key determinant of success in business incubators around the country is the opportunity an incubator provides for networking among tenants and mentoring by an incubator director. Where effective networking and mentoring happen, an incubator and its tenants generally succeed.

This strategy should be coordinated with land use and other strategies. For example, if the City establishes an Urban Renewal District, zoning and related land use regulations within the District should consider incubator businesses and be flexible enough to allow office and light manufacturing uses. Moreover, the City may want to consider hiring an economic development specialist to coordinate this and other strategies.

FINANCE

Financing economic development programs is an issue that cuts across all others. Typical local financing mechanisms include:

- Property tax.
- Urban Renewal Districts that dedicate a portion of property tax revenue to improvements in the district.
- System Development Charges (SDCs).
- Transient occupancy tax on overnight stays in hotels and motels.
- Bonds backed by property tax, SDCs, or other stable revenue sources.

Potential regional and state funding sources include:

- Grants & programs through the Oregon Economic and Community Development Department.

- ODOT funding for transportation improvements through the Statewide Transportation Improvement Program (STIP) and Immediate Opportunity Fund.
- Federal funding for grants and loans to businesses through the Small Business Administration.

"Life cycle" funding of public infrastructure is important to ensure that the City not only makes adequate capital improvements, but has enough money to operate and maintain those improvements at City standards. At this time, City policy is to set systems development charges (SDCs) at 100% cost recovery and tries to review the fees on an annual basis.

COORDINATION

The City of Woodburn should seek to coordinate its economic development efforts with other agencies and organizations with a role in economic development. There are many organizations that can play a role in economic development in Woodburn. By coordinating with these organizations, the City can use their resources to create a cost-effective economic development program while avoiding duplication of efforts. Other organizations that may play a role in economic development in Woodburn include:

- Marion County
- The Mid-Willamette Valley Council of Governments
- Oregon Economic and Community Development Department
- Oregon Employment Department
- Oregon Department of Transportation
- Chemeketa Community College
- Woodburn Public Schools
- Salem Economic Development Corporation
- Oregon Manufacturing Extension Partnership
- Woodburn Chamber of Commerce
- Mid-Willamette Workforce Network
- Mid-Willamette Education Consortium

Recommended Goals and Strategies

This chapter is organized according to the same issues described in the previous chapters. For each issue it describes some general goals (what the City wants to do to address the issue) and some specific actions. For each action, it describes:

What and Why? What does the action do, and why does the City want to do it?

When? When should the action happen? To keep the analysis simple, the possible categories are: Year 1, Year 2-3, and Year 4-5. Indirectly, the answer to "When?" is also an answer to "How important?" and "In what order?"

Who? What City department or public agency is responsible for or needs to be involved to get the action completed?

How much? How much City staff and Council time is this likely to take. The amount of time can usually be directly converted to a budget. For capital improvements, a rough estimate of cost is also included.

How will we know we succeeded? What measurable target can we set (e.g., something specific achieved by some date) that will indicate that we have been successful?

What else? Are there any other policies that go with this? Other advice on implementation?

The goals and strategies are identified with a letter and number system that is unique to this document—these signifiers do not correspond to those used in Woodburn's Comprehensive Plan. The various goals and strategies are organized consistent with the issues described in Chapter 3. Moreover, the goals and strategies are organized to complement the key elements of the City's Comprehensive Plan (e.g., Land Use, Transportation, etc.). The letters correspond to the category (L for Land Use, I for Infrastructure, etc.); Goals are at the first level (L.1, L.2, etc.) and Strategies are at the next level (L.1.1, L.1.2, etc.).

LAND USE

Woodburn wants higher wage jobs. The key land use issue is where those jobs will be located. Woodburn has some modest opportunities for expanded employment in downtown. The Economic Opportunities Analysis concluded, however, that the types of higher-wage industries the City wants to attract would prefer to be in industrial parks or on larger industrial parcels. The City's location on I-5 between Portland and Salem suggests it could attract such businesses if it had land of a size, location, and zoning needed.

Moreover, those new jobs will create demand for housing. The population of Woodburn is now disproportionately in low-income households relative to other cities in the region. New firms with higher-wage jobs will consider the availability of higher-value housing for its more highly compensated employees. Statewide planning Goal 10 requires communities to adopt policies to provide housing for households at all income levels. If the City wants to attract high-wage jobs, it needs to have a set of housing policies that are consistent with that vision.

GOAL L1. PROVIDE DEVELOPABLE LAND NECESSARY TO ACCOMMODATE DESIRED FIRMS

L1.1. COMPLETE DEVELOPMENT CODE REVISIONS INCLUDING DESIGN GUIDELINES FOR THE MIXED-USE CAMPUS ZONING THAT ALLOW OR ENCOURAGE HIGHER DENSITIES

What and Why? The recently completed *Buildable Lands Study* made a number of recommendations for improving land use efficiency in Woodburn. One of the recommendations was to develop and adopt a mixed-use campus zoning district. The new district may need to be accompanied by a new plan designation.

At the time this report was completed, the City was in the process of developing the code revisions. This strategy will result in completed code revisions that will establish a mixed-use campus zoning district. The revisions should include design criteria that encourage higher-intensity development, or innovative development approaches.

The key premise of this policy is to make more land available with flexible development standards. The *Buildable Lands Study* identified a deficit of commercial and industrial lands. Providing flexible development standards can address need for both types of land.

When? By July 2002.

Who? City staff, review by Planning Commission and Council.

How much? 80 hours of staff time over a 12-month period.

How will we know we succeeded? Amendment of the comprehensive plan and zoning code to include a mix-use campus plan designation and zoning district. Adoption by City Council and acknowledgement by LCDC.

L1.2. EVALUATE POTENTIAL FOR RE-DESIGNATION OF SOME RESIDENTIAL ZONES FOR COMMERCIAL AND INDUSTRIAL DEVELOPMENT

What and Why? Evaluate present plan designations to identify lands that could be reclassified to allow commercial, industrial, or mixed-use campus development. This evaluation should consider proximity to other land uses, transportation, and serviceability. It may result in

the reclassification of appropriate sites, with restrictions or incentives that encourage and protect the land for higher-wage industries.

The *Buildable Lands Study* identified a deficit of commercial and industrial lands. Reclassifying lands is one strategy to increase the availability of commercial and industrial sites. Areas (which may include one or more tax lots) considered for reclassification should be at least 10 acres.

This strategy should also include a review of the City's employment forecast and the land need estimates presented in the Draft *Buildable Lands Study*. The employment forecasts should be at the sector level, so that land needs can be based on evaluation of typical densities observed in various industrial sectors.

The City should be careful to ensure that adequate residential lands are retained through this process.

When? July-July 2002.

Who? City staff.

How much? 100 hours over a 12-month period.

How will we know we succeeded? Adoption of an amended plan designation map.

L1.3. EXPAND THE URBAN GROWTH BOUNDARY IF NEEDED

What and Why? The *Woodburn Economic Opportunities Analysis* concluded that buildable land for the types of industries that the City wants to attract is probably inadequate in size and location. One solution is to bring land into the Urban Growth Boundary (UGB) that is closer to I-5 and the interchange. The primary focus would be to add lands with the site characteristics described in the *Woodburn Economic Opportunities Analysis*. Depending, however, on the outcome of Strategy 2 above, the City may also need to consider adding residential lands to the UGB.

Expanding a city's UGB is complicated and time-consuming. The City must complete a UGB expansion analysis consistent with Goal 14 requirements. Agricultural lands surround Woodburn, a factor that will complicate both the required analysis, and the process. For Woodburn, the analysis must also include evaluation of "new measures" to increase the density and needed mix of housing (ORS 197.296(5)).

This strategy should include the following steps:

1. Review the City's coordinated population forecast. Actions the City takes to support economic development may lead to population and employment growth beyond that previously forecasted.
2. Review the employment forecast used in the Transportation Systems Plan (TSP). A revised employment forecast has implications for the TSP and housing.

3. Disaggregate the employment forecast to the sector level. This will allow better evaluation of the land needs of various industrial sectors.
4. Review commercial and industrial land need estimates presented in the *Buildable Lands Study*. If a revised employment forecast is generated, develop revised land needs estimates using employee-per-acre assumptions at the sector level.
5. Revise the housing needs analysis. If the City's economic development strategy is successful, it will change the wage structure and impact housing needs. Assumptions about a revised household income distribution can be input in the OHCS housing needs model to develop an alternative need estimate. The City should also re-run the model using Census data on the distribution of rental rates and owner values to develop an estimate of unmet housing needs. This analysis will identify areas where additional housing need exists. The residential land needs estimates should also be revised during this step.
6. Review land use options. Using the revised residential and employment land need estimates, the City should evaluate potential measures to address those needs. Potential measures should include policies that seek to increase densities. The City should conduct a thorough analysis of potential UGB expansion areas considering transportation, overall land needs, and the site requirements of target industries.
7. Conduct Goal 14 analysis. This is the culmination of the previous six steps and should result in an analysis that addresses all state requirements for a UGB expansion.

The specific issues and steps in the UGB expansion process are described in detail in Appendix A. The process requires completion (or update) of a buildable lands study, evaluation of measures that will make more efficient use of vacant land within the UGB, and evaluation of lands around the UGB for consistency with Goal 14 criteria for expansion of UGBs.

When? By December 2003.

Who? City staff, consultants, land use attorney, engineer.

How much? 250-350 hours of staff time over an 30-month period;
\$100,000-\$200,000 in consultant and attorney fees.

How will we know we succeeded? Expanded UGB to include suitable commercial and industrial sites, and possibly more residential land.

L1.4. RESEARCH AND DEVELOP POLICIES THAT PROTECT SOME LAND FOR DEVELOPMENT TO SUPPORT HIGH-WAGE INDUSTRIES

What and Why? An important part of the City's economic development vision is to attract high-wage industries to Woodburn. Those industries may require industrial or office sites. The City wants to ensure that sites that meet the locational criteria of high-wage industries the City wants to attract do not get purchased and developed by lower wage industries.

A reasonable response to this concern is a policy that restricts the development of sites to industries that pay wages above the City's target threshold. Development of such a policy is complicated; it needs to strike a balance between the City's interest in attracting high-wage employment, and the development rights of property owners. It also needs to consider the fact that lower-wage industries will also want to locate or expand in Woodburn, and that higher-wage industries will create demand for lower-wage service employment. Thus, applying this policy to all lands designated for commercial or industrial use would probably be unreasonable. Alternatively, if the City does expand the UGB, land brought into the UGB will increase substantially in value: some requirements for development could be exacted as part of this process.

The process of developing this policy needs to consider several key factors: (1) a wage threshold; (2) what sites it will apply to; (3) how it is implemented (overlay zone, special restrictions on certain zoning districts, etc).

When? July - July 2002. This policy needs to be developed and adopted prior to, or concurrent with land redesignation or a UGB expansion.

Who? City Planning Staff.

How much? 100 hours over a 12-month period.

How will we know we succeeded? Adoption of a policy that restricts siting of low-wage industries on target sites.

GOAL L2. PROVIDE LAND FOR ALL TYPES OF NEEDED HOUSING

L2.1. REVIEW HOUSING ANALYSIS IN THE LIGHT OF ECONOMIC DEVELOPMENT STRATEGY AND REDESIGNATE LAND AS NECESSARY

What and Why? Goal 10 requires communities to provide "needed" housing types affordable to all households in Oregon. An economic development strategy that attracts higher-wage jobs will probably require a different housing mix than what has recently occurred in Woodburn. Moreover, housing must be an important component in the City's economic development strategy. If the types of housing desired by firms that may locate in Woodburn are unavailable or cannot be built, it will make Woodburn less competitive.

The City's Goal 10 housing analysis should reflect a wage distribution consistent with the types of industries it hopes to attract. Moreover, the policies and land designations should be consistent with the financial capabilities of the employees of those industries. Review of the Goal 10 housing analysis should follow the steps identified in Strategy L.1.3.

When? July - July 2002.

Who? City Planning Staff.

How much? 100 hours of staff time over a 12-month period.

How will we know we succeeded? Adoption of a revised housing element and related policies.

What else? The housing element is directly related to other land use activities. This strategy needs to coordinate with strategies 1-3 of Land Use Goal 1.

GOAL L3. ADOPT AND IMPLEMENT AN URBAN RENEWAL DISTRICT

What and Why? The downtown area is a key part of the City's overall economic development strategy. A healthy downtown not only benefits local business, but is an amenity that the entire community can enjoy.

The City is considering an urban renewal district that would promote redevelopment downtown and in areas adjacent to downtown. An urban renewal district is a relatively common approach to promoting investment in specific areas of a community. Funds come from tax increment financing, which freezes assessments on all property in the district at some level and then places the increment (the amount of tax revenue above the frozen level) into a fund that is used for improvements within the district. This policy would benefit the downtown area by making new funds available for investments in the area.

When? By September 2001.

Who? City staff.

How much? Costs will be City staff time to prepare information for decisionmakers to evaluate creating a district, and costs of establishing the district. Funding provided by the district will not cost the City anything; it is simply dedicates a portion of property tax revenue for expenditures for improvements in the district. However, this will reduce revenue available for other expenditures the City may want to make.

How will we know we succeeded? Formal establishment of an urban renewal district.

What else? The boundaries of the district should be carefully considered. If assessed value rises slowly, few dollars will be available to reinvest in the district. The City may also want to consider adopting a more flexible zoning ordinance for property in the

district to allow a wider range of uses and to allow property owners to take advantage of more opportunities.

INFRASTRUCTURE AND SERVICES

Public infrastructure and services are the cornerstone of any economic development strategy. If roads, water, sewer, and other public facilities are unavailable or inadequate, industries will have little incentive to locate in a community. For the purpose of this section, we define infrastructure and services to include transportation, water, sewer, stormwater, and parks facilities.

GOAL 11. PROVIDE TRANSPORTATION FACILITIES ADEQUATE TO SERVE LAND NEEDED FOR THE TYPE OF DEVELOPMENT DESCRIBED IN THIS ECONOMIC DEVELOPMENT STRATEGY

11.1. MAKE IMPROVEMENTS TO KEY INTERSECTIONS AND CORRIDORS (EXISTING FACILITIES)

What and Why? The Woodburn *Transportation Systems Plan (TSP)* identifies a number of improvements that will be necessary to accommodate additional employment growth in the City. Key improvements identified in the TSP include reconfiguration of the I-5/214 interchange, and improvements to Highway 214. Specifically, the TSP identifies the following improvements:

- Improvement of the I-5 / Highway 214 interchange or construction of an additional I-5 interchange to serve Woodburn.
- Widening of Highway 214 to four lanes east of I-5 and improvements to the Highway 214 / Boones Ferry Road intersection.

These improvements are essential to Woodburn's economic development strategy; without them, ODOT will probably assert its right to deny developments that will cause its facilities to fail. In addition to the improvements described above, the TSP also targets the 99E corridor for improvements. Specifically, the TSP recommends improved access management on Highway 99E and development of a future two-lane roadway behind the existing businesses on the east of Highway 99E between Highway 211 and Highway 214.

When? Planning for the key interchange and Highway 214 improvements should begin immediately. The actual improvements could take as long as 10 years.

Who? City, ODOT, Marion County.

How much? \$13.5 million for the interchange improvements, \$3 million for improvements to Highway 214¹.

How will we know we succeeded? Improvements to the I-5 interchange and Highway 214 will be completed.

What else? The TSP identifies a number of other projects to bring the existing road network up to the City's street standards, to improve circulation, and to improve access to alternative transportation modes. These improvements are all important to the City's economic development strategy.

11.2. DETERMINE NEW TRANSPORTATION FACILITIES NEEDED TO IMPLEMENT ECONOMIC VISION AND AMEND TSP AS APPROPRIATE

What and Why? Good access is essential to the City's economic development strategy. The TSP identifies several new transportation facilities. The key facilities proposed in the TSP include:

- Development of a southside arterial.
- Cooley Road extension to create a new north-south road east of Highway 99E.

In addition, the City may want to consider extending Crosby Road across the railroad tracks to connect with Highway 99E. Transportation improvements, however, should be coordinated with decisions made in the land use plan. The land use strategies may result in several major changes in land designations. These changes need to be coordinated with transportation improvements. Because decisions about land uses will occur at a later date, it is premature to recommend specific changes to the transportation systems plan and the improvements contained within that plan. In summary, infrastructure and land use decisions need to be coordinated.

Specific issues that this strategy should consider include east/west circulation in Woodburn, connectivity, a northside or southside arterial, and other improvements that support the land use plan. A northside or southside arterial would provide east-west circulation and allow traffic from the east side of Woodburn to access the western side of the I-5/214 interchange without having to use 214 to cross Woodburn.

When? Review of the TSP will need to be a part of a UGB expansion analysis. This evaluation should be completed before July 2003.

Who? City staff, ODOT, Marion County, Transportation Consultant.

¹ The cost estimate for the I-5 interchange are based on a split-diamond configuration. This configuration is probably no longer possible since the development of the WinCo warehouse facility. Cost estimates for the 214 improvements include widening and signal improvements.

How much? Approximately 60 hours of staff time to review TSP; project costs will depend on the specific projects identified in this process. The TSP includes costs for recommended projects, and costs for other projects can be estimated using the unit costs identified in the TSP.

How will we know we succeeded? Adoption of amendments to the TSP that support changes in the land use plan.

What else? The amendments need to be consistent with OAR 660-012. The amendments will also need to support any revisions to the population and employment forecasts, as well as decisions made with respect to redesignation of lands or an expanded UGB.

GOAL 12. PROVIDE WATER, SEWER, AND STORMWATER DRAINAGE SERVICE ADEQUATE TO SERVE LAND NEEDED FOR DEVELOPMENT

What and Why? Woodburn has functional plans that address needed improvements for water, sewer, and stormwater drainage. This strategy requires that they be occasionally assessed to ensure that they remain adequate to support new development. The City should review and amend these functional plans to be consistent with any changes made to the land use and transportation plans. Present City policies require adequate infrastructure be available prior to development. This goal supports those policies.

When? Ongoing throughout the 20-year period.

Who? City staff.

How much? Specific improvements and their costs are identified in each functional plan.

How will we know we succeeded? Lack of infrastructure will not be given as a reason for denying building applications.

GOAL 13. IMPLEMENT WOODBURN PARKS AND RECREATION COMPREHENSIVE PLAN

What and Why? Woodburn adopted an update to its Parks and Recreation Comprehensive Plan in October of 1999. The Plan identifies parks standards and includes a 20-year capital improvements program to achieve City standards.

Parks, open space, and recreational facilities are an important community amenity. Many industries consider quality of life factors when making locational decisions. A good parks and recreation program is one aspect of quality of life that local governments have direct control over.

When? The capital improvement program in the parks and recreation comprehensive plan extends over a 20-year period.

Who? City staff.

How much? \$10.8 million for identified improvements; staff time.

How will we know we succeeded? An annual review shows that improvements described in the Parks and Recreation Comprehensive Plan are being completed according to the plan.

GOAL 14. MAINTAIN EFFICIENT PERMITTING AND DELIVERY OF PUBLIC SERVICES

What and Why? Permitting protects public health, safety, and welfare, and public services provide benefits for residents and businesses in Woodburn. From a business's perspective, however, the permitting process and taxes to fund public services are a cost. To some extent, the City can control the degree to which these costs are significant for businesses wishing to invest in Woodburn. An efficient and streamlined permitting and public service delivery process allows businesses to act swiftly and take advantage of very short-term opportunities.

When? The City should periodically evaluate the permitting process and delivery of public services to make sure they are efficient and balance the interests of city residents and businesses with the costs.

Who? City staff; the City should seek input from the businesses that have applied for permits or public services regarding the cost, response time, and quality of service. Woodburn may benefit from an outside evaluation of its public service delivery.

How much? Approximately 40 hours of staff time for each periodic review; additional fees for outside consultant if needed.

How will we know we succeeded? When periodic review of the permitting process and delivery of public services is implemented.

GOAL 15. SUPPORT QUALITY EDUCATION IN WOODBURN

What and Why? The City should work with Woodburn Public Schools to maintain and enhance the quality of K-12 education available in Woodburn. The availability of high-quality education is an important aspect of quality of life and is a major consideration when high-income family households are selecting a place to live. Maintaining and improving the quality of education in Woodburn will make the city more attractive to high-income households, as well as improve the workforce skills and raise the earning potential of local graduates.

When? Summer 2001.

Who? City staff in conjunction with Woodburn Public Schools.

How much? Initial cost for City staff time to meet with Woodburn Public School staff. The City may assume additional costs if it finds those costs will effectively support quality education in Woodburn.

How will we know we succeeded? The City will have a more formal process for discussing economic development and workforce training with the Woodburn School District.

WORKFORCE TRAINING AND EDUCATION

The *Economic Opportunities Analysis* identified several characteristics of the local workforce that could be improved to make Woodburn more competitive for high-wage employment. These included relatively low educational attainment among the local workforce. This section focuses on strategies to train or recruit new people. The strategies focus on existing Woodburn residents.

Training opportunities need to be available for both labor and management. Many training and education opportunities already exist in Woodburn. Moreover, all of these programs are provided through organizations outside of Woodburn's municipal government, so the goals and strategies focus on coordination and support of training and education programs.

GOAL W1. SUPPORT WORKFORCE TRAINING AND DEVELOPMENT SERVICES AVAILABLE IN WOODBURN

W1.1. COORDINATE AND SUPPORT OTHER ORGANIZATIONS TO SUSTAIN AND EXPAND WORKFORCE SERVICES AVAILABLE IN WOODBURN

What and Why? The City should coordinate with organizations that offer workforce development services to find ways to assist these organizations and take actions to complement existing efforts. The *Economic Opportunity Analysis* found that Woodburn has a high share of population that completed only elementary school. Educational attainment and job skills of Woodburn residents will need to improve if residents to hold high-skill high-wage jobs created in Woodburn.

When? Begin immediately; ongoing throughout the 20-year planning period.

Who? The City of Woodburn should coordinate with Chemeketa Community College and organizations that offer workforce services at the Woodburn Campus and elsewhere.

How much? 40 hours per year when stabilized; could be two or three times more during start-up.

How will we know we succeeded? An increase in the number of Woodburn residents that use programs to enhance skills, and the creation of high-wage jobs that utilize the skills of Woodburn residents.

What else? Programs to increase the work skills of residents must be complemented by efforts to create jobs that match the available skills. Otherwise skilled workers may leave the community for jobs elsewhere.

W1.2. SUPPORT COLLABORATION BETWEEN WOODBURN PUBLIC SCHOOLS, CHEMEKETA COMMUNITY COLLEGE, AND LOCAL EMPLOYERS TO ADDRESS WORKFORCE TRAINING NEEDS

What and Why? Matching skills training with the needs of area employers should increase the effectiveness of workforce development programs in Woodburn.

When? Begin immediately; ongoing throughout the 20-year planning period.

Who? In addition to Woodburn Public Schools and Chemeketa Community College, the City may work with the Mid-Willamette Valley Education Consortium and the Regional Chamber Education Alliance. These organizations are working to incorporate work skills into high school curriculums and to increase employer-school collaborations.

How much? 40 hours per year when stabilized; could be two or three times more during start-up.

How will we know we succeeded? Preliminary success measured as having made the contacts and established connections. Later, success is number of programs offered and enrollment by Woodburn residents. Ultimately, success is reports back from employers of improved performance from recent graduates of high school or training programs.

W1.3. DEVELOP A TRAINING PACKAGE AS AN INCENTIVE TO RETAIN AND ATTRACT EMPLOYERS.

What and Why? The City of Woodburn should support effective marketing of workforce services in Woodburn in conjunction with the Chamber of Commerce and Chemeketa Community College. The City should ensure effective implementation of workforce services needed to attract employers. This strategy will help retain or attract firms by lowering their costs for hiring and training, and improved skills will help Woodburn residents hold higher-wage jobs.

When? Begin immediately; ongoing throughout the 20-year planning period.

Who? Workforce services are already marketed by the Chamber of Commerce and Chemeketa Community College. The City should cooperate with existing efforts to create a coordinated and effective economic development marketing program.

How much? Annual staff time covered by W1.1 and W1.2.

How will we know we succeeded? When an expanding or new business takes advantage of workforce services to help create higher-wage jobs in Woodburn.

What else? Workforce development programs must be complemented by efforts to create jobs that match the available skills. Otherwise skilled workers may leave the community for jobs elsewhere.

BUSINESS DEVELOPMENT

Business development includes strategies to support (1) the success of existing businesses in Woodburn, (2) the creation of local startup businesses, and (3) the relocation of new employers to Woodburn. Many communities acknowledge the importance of all three activities, but focus their staff time and budgets on the third, recruitment activities. While recruitment is an important strategy, the City intends to coordinate with other local and regional organizations to reduce staff investment in recruitment activities. The idea is focus on providing quick, accurate information and personalized attention to employers that contact Woodburn (either directly, or indirectly through state and county organizations).

Thus, business development goals and strategies focus on retention of existing business and activities that support and enhance existing City programs.

GOAL B1. SUPPORT THE SUCCESS OF BUSINESSES IN WOODBURN

B1.1. SUSTAIN AND ENHANCE BUSINESS SKILLS AND MANAGEMENT TRAINING AVAILABLE IN WOODBURN

What and Why? Small businesses create a significant share of new jobs, and also have the fewest resources for training to improve the skills of administrative staff or management. This task is parallel to W1.1 and W.1.2 that address training of potential employees—this task addresses the training management.

When? Begin immediately; ongoing throughout the 20-year planning period.

Who? The City should collaborate with the Chemeketa Community College Woodburn Campus and local Chamber of Commerce to find ways to sustain existing programs and implement additional programs targeted to the needs of businesses in Woodburn.

How much? 40 hours per year when stabilized; could be two or three times more during start-up.

How will we know we succeeded? Preliminary success measured as having made the contacts and established connections. Later, success is number of programs offered and enrollment by Woodburn residents. Ultimately, success is reports back from employers of improved performance and satisfaction with the program.

B1.2. IMPROVE INFORMATION EXCHANGE

What and Why? This task has two components: (1) information that the City makes available to businesses considering development in Woodburn, and (2) information about and access to programs available through the Oregon Economic and Community

Development Department, Small Businesses Administration, and other agencies.

A service to provide one-stop information to match the needs of employers to existing funding sources could increase the assistance available in Woodburn and reduce the response time for assistance. Whatever the City prepares should be in electronic format. That allows the information to be quickly edited, either to update or customize it, even if it is eventually transmitted to a prospective employer as a hard copy. Better would be to tie the information to a City-based web page.

The Oregon Economic and Community Development Department, Small Business Administration, and other agencies offer a wide variety of financial assistance programs for existing businesses. Each program has different funding criteria and application requirements.

This is a relatively expensive task, but critical to the City's ability respond to inquiries about development.

When? Prepare computer-based information package by June 2002.

Who? City of Woodburn staff; consultants. The City may want to consider hiring an economic development director to coordinate its economic development efforts.

How much? 300 – 600 hours, depending on the sophistication of the effort.

How will we know we succeeded? Complete package of electronic information available by June 2002, with staff trained on how to get that information to customers quickly.

GOAL B2. SUPPORT EFFORTS TO CREATE HIGH-WAGE JOBS IN WOODBURN

B2.1. COORDINATE WITH OTHER ECONOMIC DEVELOPMENT ORGANIZATIONS TO DEVELOP A COHERENT AND EFFECTIVE MARKETING PROGRAM

What and Why? A variety of public agencies and private organizations help support economic development and market Woodburn as a business location. The City should coordinate with these organizations to develop a marketing strategy that best uses the resources of each organization. A effective marketing strategy makes the best use of existing resources and provides a single point person of contact for prospective firms to get information and assistance with permitting and public services.

When? Begin immediately; ongoing throughout the 20-year planning period.

Who? The City of Woodburn in conjunction with the CCC Woodburn Campus, Chamber of Commerce, Salem Economic Development Corporation, and OCEDD. The City may want to consider hiring an economic development director to manage the City's efforts.

How much? 100 – 200 hours of staff time.

How will we know we succeeded? An annual review of a tracking process shows an increased number of inquiries from businesses interested in locating in Woodburn.

What else? Ties with B1.2. The City should create and maintain a database of business inquiries. The database could track various information on the inquiries. The City should follow up with businesses that choose to locate elsewhere to gather information on how it can be more competitive.

B2.2. CONSIDER AND EVALUATE FINANCIAL INCENTIVES TO RETAIN AND ATTRACT FIRMS TO WOODBURN

What and Why? Many communities offer financial incentives to retain and attract employers by reducing their costs, however research shows that many incentive programs cost more than the benefits they produce. Woodburn could target incentives on specific industries or for any firm that meet specified criteria. Incentives could also be targeted to specific areas of Woodburn. Potential incentives include workforce screening and training, reduced fees for permits and infrastructure, Enterprise Zones, or a revolving loan program. Most small cities such as Woodburn do not have the resources to offer an extensive incentive package, so they focus on implementing State programs (such as Enterprise Zones), reducing fees and response times for permits and public services, and coordinating with other organizations to provide services needed by firms. One of the most effective locally-funded incentives is a revolving loan fund for furnishings, fixtures, and equipment, which commercial banks are reluctant to fund.

When? Begin evaluation immediately; ongoing throughout the 20-year planning period.

Who? City of Woodburn staff in conjunction with OCEDD, local banks, and other economic development organizations.

How much? Initial costs are staff time to consider and evaluate potential incentives. Costs of incentives themselves will be determined by which incentives the City decides to implement and the number of employers that use these incentives.

How will we know we succeeded? When employers take advantage of the financial incentives to create high-wage jobs in Woodburn.

What else? Incentive programs must be complemented by efficient delivery of public services and other inputs needed by employers, such as buildable land and an adequately-trained workforce.

B2.3. CONSIDER CREATION OF A LOCAL ECONOMIC DEVELOPMENT CORPORATION IN WOODBURN

What and Why? Economic Development Corporations (EDC) are non-profit corporations dedicated to promoting economic development in their

local community, typically by maintaining information on existing development sites, marketing, and by coordinating information on available assistance programs. In addition to recruitment of large employers, Economic Development Corporations can assist in creating neighborhood-level improvements such as restaurants, grocery stores, and cultural facilities that enhance the community's quality of life.

Currently Woodburn is served by the Salem Economic Development Corporation (SEDCOR), but a local EDC may be more effective by focusing solely on the needs of Woodburn.

When? After an evaluation of the effectiveness of SEDCOR in promoting economic development in Woodburn.

Who? The City would need to facilitate incorporation of a non-profit EDC, assist in launching the organization, and provide ongoing coordination and support.

How much? Initial costs are staff time for evaluation; additional funding may be necessary to create and support the EDC.

How will we know we succeeded? Establishment of a local EDC, or a decision to continue the local relationship with SEDCOR.

B2.4. IMPROVE WOODBURN'S APPEARANCE AND IMAGE

What and Why? Improving Woodburn's appearance image as a community could make it more attractive to employers looking for a location. Actions to improve the City's appearance include signage at city entrances, beautification of commercial strips such as on Hwy 99, and better signage and events to attract people to downtown Woodburn. The City's image is a function of its appearance and presentation, and how it is perceived by employers. An economic development marketing program should emphasize Woodburn's small-town character and pro-business attitude.

When? 1–5 years.

Who? This strategy should be pursued with direct expenditures by the City of Woodburn, primarily through the public works department, and with coordination with other economic development organizations in the community. The City may want to work with a public relations firm to find out how the City is perceived by others and how to improve that perception.

How much? Depends on the specific actions implemented by the City; some costs may be funded through budgets for public works projects such as road improvements. Funding may be contributed through grants or donations by local businesses.

How will we know we succeeded? Implementation of local beautification projects and marketing that promotes a positive image of Woodburn.

GOAL B3. ENCOURAGE DEVELOPMENT OF SOCIAL AND CULTURAL AMENITIES

What and Why? Social and cultural amenities include publicly-funded facilities such as parks, recreation centers, performing arts centers, or educational facilities, and privately-funded facilities such as restaurants and theaters. This goal can be supported through several of the goals and strategies identified in other sections of this chapter. Implementation of the Parks and Recreation Comprehensive Plan (Goal I.3) would help create and enhance amenities provided through the City's parks and recreation programs. Urban renewal or improvement districts (Goal L.3, Strategy F.2.3) can be used to help create social and cultural amenities within the district boundaries. A Economic Development Corporation (Strategy B.2.3) can help create social and cultural amenities in Woodburn through marketing, financial assistance, and coordination of existing assistance and training programs. A wider range of social and cultural amenities will improve quality-of-life in Woodburn and make the city more attractive to prospective residents and employers. Social and cultural amenities, however, are not high on the list of locational criteria for most businesses.

When? Timing will be driven by implementation of related goals and strategies.

Who? City of Woodburn staff in conjunction with other economic development organizations.

How much? In addition to City staff time, costs to be determined by the strategies implemented by the City.

How will we know we succeeded? By expansion of the number and range of social and cultural amenities in Woodburn.

FINANCE

Infrastructure strategies cannot be implemented in the absence of solid financial strategies. Financial strategies must not only consider funding for capital improvements, but for ongoing operations and maintenance consistent with City standards.

It is City policy to take a broad view of infrastructure financing. That view includes capital costs, operations, and maintenance throughout the life of a public facility or improvement. In summary, the foundation of the City's strategy is to make sure that it has revenue sources to make (1) timely investments in the infrastructure, and (2) cost-effective investments in maintenance that optimize the effective life of the facilities.

GOAL F1. TREAT PUBLIC INVESTMENTS AS FULL, LIFE-CYCLE COSTS

What and Why? Public investment in infrastructure is a long-run investment. Operations and maintenance are a real and important part of the cost. This goal may require review of the existing procedures for evaluation of public facility costs. It may also require consideration of new funding sources to ensure adequate funds are available for operations and maintenance of public facilities. The City currently has sufficient funding to keep up with operation and maintenance costs, and sets System Development Charges at a level to recover 100% of costs.

When? Review of existing policies and procedures: July - December 2001; ongoing implementation.

Who? City staff; City Manager, Finance Director, Public Works Director

How much? The specific costs will be determined in updates to the City's Capital Improvement Programs.

How will we know we succeeded? Review of policies; adoption of new policies if necessary.

GOAL F2. ENSURE THAT FINANCING FOR INFRASTRUCTURE IS ADEQUATE AND FAIR

Financing is sufficient if covers full lifecycle costs, including operations and maintenance. While it is somewhat subjective, sound financing policies generally attempt to have people pay in proportion to cost imposed or benefits received. The following strategies are intended to ensure fair and adequate financing for infrastructure.

F2.1. REVIEW TRANSPORTATION FUNDING POLICIES

What and Why? Many mechanisms are available to fund transportation improvements. These include systems development charges, exactions, special legislative funding, grants, and other approaches. This strategy is intended to ensure adequate funds are available for transportation improvements, that funding is sufficient for operating and maintenance activities, and that funding is fair. The City should complete a review of its transportation systems development charge, and evaluate whether additional funding strategies or programs not identified in the current Transportation System Plan are appropriate.

When? July 2001 - June 2002.

Who? City staff.

How much? 100 hours of staff time over one year.

How will we know we succeeded? Adoption of new or revised funding policies; acknowledgement that existing policies are adequate.

F2.2. EVALUATE OTHER FINANCE STRATEGIES

What and Why? This strategy would evaluate financing programs for other public facilities and services including water, sewer, stormwater, and parks. Each of these public facilities has a separate functional plan, a separate capital improvements program, and a separate set of funding strategies. Coordinating these strategies is important to maintain the desired level of service for each facility.

This strategy is necessary to ensure adequate funding for other infrastructure improvements. It may require modifications to existing funding policies or capital improvement programs.

When? July 2001 - July 2002.

Who? City staff.

How much? 40 hours of staff time.

How will we know we succeeded? Adoption of revised funding policies.

F2.3. CONSIDER CREATION OF A LOCAL RENEWAL DISTRICT OR ECONOMIC IMPROVEMENT DISTRICT

What and Why? A renewal district uses tax increment financing to fund improvements in the district, and an economic improvement district (EID) taxes property at a set rate to fund improvements in the district. EIDs are typically used to fund management and provision of services within the district, such as maintenance and security, that will not be provided by multiple private owners. These funding tools would encourage development and job creation in the districts by lowering costs for businesses in the district and they may help make the districts more attractive as centers of economic activity.

When? 1–5 years.

Who? The City of Woodburn would need to establish and administer either of these districts.

How much? Initial costs are for evaluation.

How will we know we succeeded? When the districts help create jobs in Woodburn.

What else? Improvements and incentives available through funding districts should be marketed to prospective businesses, and the investments made by the district should be promoted to residents to sustain public support for the districts.

INSTITUTIONAL ORGANIZATION AND COORDINATION

There are numerous organizations engaged in economic development efforts that include Woodburn. It makes sense for Woodburn to coordinate with these organizations in order to take full advantage of these efforts and reduce the need for City actions and expenditures.

The policies in this section overlap with those in all previous categories, but especially with Workforce and Business Development.

GOAL C1. DEVELOP CITY INSTITUTIONAL STRATEGY FOR ESTABLISHING A CITY ECONOMIC DEVELOPMENT PROCESS

C1.1. ESTABLISH INTER-ORGANIZATION ECONOMIC DEVELOPMENT TEAM

What and Why? An Economic Development Team would have the primary responsibility of coordinating the efforts of the various organizations to create a coherent and effective economic development strategy for Woodburn.

When? 1-5 years.

Who? The development team should consist of the city manager, city planner, public works director, and representatives of the Chamber of Commerce and other relevant organizations. The City may want to consider hiring an economic development director to oversee the City's economic development efforts.

How much? Minimum cost will be staff time to coordinate with other organizations; an economic development director may have an annual salary on the order of \$60,000 plus benefits, and would require costs for office and other overhead.

How will we know we succeeded? Establishment of the team; the number of meetings the team has with prospective businesses each year.

GOAL C2. COORDINATE WITH MARION COUNTY AND OTHER REGIONAL AND STATEWIDE ORGANIZATIONS TO SUPPORT ECONOMIC DEVELOPMENT IN WOODBURN

C2.1. DEVELOP STRATEGIC PARTNERSHIPS WITH OTHER LOCAL AND REGIONAL GROUPS

What and Why? The City of Woodburn should coordinate its economic development efforts with the Oregon Economic and Community Development Department, Oregon Employment Department, Salem Economic Development Corporation, Marion County, Chemeketa Community College, and other relevant organizations. Coordination with these organizations will allow the City to take full advantage of existing efforts and avoid funding redundant programs.

When? Immediately and regularly throughout the City's economic development efforts.

Who? City of Woodburn staff and other organizations. The City may want to consider hiring an economic development director to coordinate and manage the City's economic development efforts.

How much? Approximately 160 hours of staff time for initial meetings and coordination, with an additional 40 hours 1–2 per year for ongoing coordination.

How will we know we succeeded? When the City has met with other organizations and developed a coordinated economic development program.

What else? This strategy complements Strategy W.1.1, W.1.3, B.1.1, and B.2.1.

C2.2. COORDINATE WITH SCHOOL DISTRICT

What and Why? As new businesses are attracted to Woodburn, those industries may require specialized skills. The City should coordinate with the Woodburn School District to offer specialized training, where appropriate. The City should also coordinate with the Woodburn School District to find ways the City can support delivery of quality education in Woodburn to improve quality of life and make the city more attractive for high-income households. The City should work with the District to identify a staff liaison from each organization to coordinate activities.

When? Begin immediately; ongoing throughout the 20-year planning period.

Who? City staff, Woodburn School District.

How much? Approximately 40 hours of staff time per year for initial and ongoing coordination.

How will we know we succeeded? Establishment of a formal coordination process.

What else? This strategy compliments Goal I5 and Strategy W.1.2.

IMPLICATIONS OF ECONOMIC DEVELOPMENT GOALS AND STRATEGIES

The economic development goals and strategies described in this chapter have several major implications for the City of Woodburn. Overall, they show that the City has a lot of work to do on economic development. We believe a key step for implementing these goals and strategies is hiring an economic development planner to focus and maintain the City's efforts.

Implementation of these economic development goals and strategies will require the City to integrate economic development, land use, public facility, and transportation plans into a coherent package. This integration will include making adjustments to population and employment forecasts used in various plans and following these adjustments through to the conclusions of these plans.

The findings of this report and the City's Buildable Lands Project report suggest the City may need to make changes to plan designations and expand its UGB, which will require an update to the City's buildable lands inventory.

All of these implications will need to be addressed over the next 12 – 24 months.

City of Woodburn
Preliminary Analysis
Statewide Planning Goal Compliance Issues
June 11, 2001

Woodburn may amend its comprehensive plan, transportation system plan and land use regulations to maximize its economic development opportunities. WPS has been asked to analyze Oregon's Statewide Planning Goal issues that need to be addressed if the city initiates these amendments. Because the Statewide Planning Goals are inter-related, a proposal to amend the comprehensive plan and land use regulations must comply with state goals and be internally consistent.

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Introduction

This memorandum is based on the following logic:

1. The Economic Opportunities Analysis (ECONorthwest, 2001) has identified target industries and their quantitative and qualitative site needs.
2. The Woodburn City Council has determined that amendments to the Woodburn Comprehensive Plan and land use regulations may be necessary to provide suitable sites for targeted industries or to address industrial park siting criteria.
3. Due to the apparent shortage of suitable industrial sites within the existing Woodburn UGB, amendments to the Woodburn Urban Growth Boundary (UGB) may also be required.

Thirteen of Oregon's 19 Statewide Planning Goals appear to apply to plan or code amendments within the Woodburn UGB and its adjacent rural area¹:

- Goal 1: Citizen Involvement
- Goal 2: Land Use Planning (OAR Chapter 660, Division 4)
- Goal 3: Agricultural Land (ORS 215.243; OAR Chapter 660, Division 33)
- Goal 5: Natural Resources, Scenic and Historic Areas, and Open Spaces (OAR Chapter 660, Division 23)
- Goal 6: Air, Land and Water Resources Quality
- Goal 7: Areas Subject to Natural Disasters and Hazards
- Goal 8: Recreational Needs
- Goal 9: Economy of the State (ORS 197.712; OAR Chapter 660, Division 9)
- Goal 10: Housing (ORS 197.296-314; OAR Chapter 660, Division 8)
- Goal 11: Public Facilities and Services (OAR Chapter 660, Division 11)
- Goal 12: Transportation (OAR Chapter 660, Division 12)

¹ Because Woodburn is surrounded by agricultural land (as opposed to forest land), Goal 4: Forest Land, probably does not apply.

- Goal 13: Energy Conservation
- Goal 14: Urbanization (ORS 197.296-298; OAR Chapter 660, Division 4)

These goals, collectively, have both procedural and substantive requirements. The procedural requirements are process-oriented steps the city must take to satisfy the goal provisions. These are typically spelled out in the goal or in the administrative rule that implements the goal. For example, Goal 2 requires that cities and counties work together to decide on population projections. Substantive requirements are the actual issues the city must address to satisfy the goal provisions. For instance, Goal 10 requires cities to provide sufficient buildable land for 20 years of housing. A successful proposal for changes to the comprehensive plan and land use regulations must do both things: follow all the procedural requirements, and meet all the substantive requirements in the statewide goals.

Most of the Statewide Planning Goals listed above have accompanying administrative rules that are longer and more specific than their corresponding goals. The Oregon Land Conservation and Development Commission (LCDC) is the state agency that carries out these rules. Some goals and rules have complementary statutory provisions (*e.g.*, Goals 3, 9, 10, 11 and 14).

All goals are not equal. Certain goals – Goals 2 (Land Use Planning), 5 (Natural Resources), 9 (Economy of the State), 10 (Housing), 11 (Public Facilities and Services), 12 (Transportation) and 14 (Urbanization) – will be given greater scrutiny when comprehensive plan and land use regulation amendments are proposed to increase the supply of industrial land. Other goals – Goals 6, 7, 8 and 13 – must be addressed, but they are not so closely watched. If amendments to the urban growth boundary are proposed, these amendments are likely to face a higher level of scrutiny from state agencies and land use interest groups. Depending on the proposal, other organizations may be involved. For instance, if comprehensive plan map amendments will result in increased traffic to state highways or county roads, ODOT and Marion County will want to review transportation impacts.

In summary, if the city amends its comprehensive plan and land use regulations to create serviced sites that meet the needs of targeted industries, then these amendments must comply with both the procedural and substantive requirements of each of the applicable Statewide Planning Goals and their accompanying administrative rules. This memorandum describes the issues and findings that must be made in order to comply with applicable state goals and rules. The first section of this document identifies procedural goal requirements. The second discusses substantive goal requirements.

Section I: Procedural Goal Requirements

Goal 1: Citizen Involvement

Compliance with Goal 1 is established by demonstrating compliance with Woodburn's acknowledged Citizen Involvement Program. Woodburn's program is prescribed in the citizen involvement goal and policies of the city's comprehensive plan and in its zoning ordinance notice requirements.

Goal 2: Land Use Planning

Goal 2 includes requirements for:

- coordination with Marion County regarding population projections and in the plan amendment process;
- coordination with affected state agencies regarding plan and code amendments;
- internal consistency among the comprehensive plan, land use regulations, factual information and the proposed amendments;
- effective implementation measures that are consistent with and adequate to carry out plan policies; and
- a formal exception to compliance with the Agricultural Lands goal when agricultural land is needed for urban purposes (*i.e.*, when the UGB is expanded).

Coordination with Marion County

Under ORS 195, the county is responsible for ensuring that the population projections of its cities are "coordinated" with the county's population projection. Woodburn's 2020 projection of 26,290 has been coordinated with Marion County and should be used for determining population growth in Woodburn. However, if a change is proposed in this population projection, approval from Marion County is required, and further "coordination" with the State Economist's projection for Marion County may be required.

Marion County also must approve any comprehensive plan or zoning map amendments that affect land outside Woodburn city limits. If plan map amendments are proposed on unincorporated land within the Woodburn UGB, the county must approve these amendments. If changes to comprehensive plan policies are proposed, both the city and the county must approve these amendments. Urban growth boundary amendments must also be jointly adopted to become effective: Marion County has a strong interest in preserving its agricultural land base. county roads may be affected by proposed changes in land use. In all of these areas, the city must demonstrate that coordination with Marion County has

occurred. Marion County should be viewed as an equal partner in the plan amendment process.

Woodburn's urban growth management agreement (UGMA) with Marion County provides guidance regarding the plan amendment and notification process. It is important that Woodburn and Marion County follow the procedural requirements outlined in the UGMA and include findings explaining how compliance with this agreement has been achieved in the plan amendment process.

Coordination with Affected State and Federal Agencies

Goal 2 requires that the concerns of state and federal agencies must be "considered and accommodated to the extent possible" in the plan and code amendment process. At a minimum, State agencies that are likely to be interested in Woodburn's economic development amendment package include the following:

- Oregon Department of Land Conservation & Development (DLCD);
- Oregon Economic Development Department (EDD);
- Oregon Department of Transportation (ODOT);
- Oregon Division of State Lands (DSL);
- Oregon Department of Environmental Quality (DEQ); and
- Oregon Department of Fish & Wildlife (ODFW).

Cities must document state and federal agency concerns, and how it has accommodated these concerns as much as possible. In some instances (*e.g.*, ODOT's interest in state highways and DSL's interest in impacts on inventoried wetlands), the concerns of state agencies are backed by LCDC or their own administrative rules. In such instances, accommodating state agency concerns often means compliance with applicable state administrative rules. The substantive requirements of these rules are addressed in Section II of this memorandum.

Internal Consistency

One of the most common allegations of error to the Land Use Board of Appeals (LUBA) is *inconsistencies* among the factual basis in the plan, plan policies and/or implementing land use regulations.

Goal 2 requires that the factual basis of the plan be consistent with and supportive of the goals and policies of the plan. For example, Woodburn's housing needs analysis must be based on coordinated population projection and existing and projected income levels of city residents. Or, if the Goal 5 inventory includes "significant wetlands," it is critical that these wetlands also be incorporated into the buildable lands inventory. In this case, it is imperative that Woodburn's economic policies and employment zones be consistent with the recommendations of the Economic Opportunities Analysis (OEA) required by Goal 9.

Effective Implementation Measures

Goal 2 requires that implementation measures be “consistent with and adequate to carry out” the policy direction established in the Comprehensive Plan. This means that comprehensive plan policies must have effective implementing plans and regulations – like the zoning and subdivision ordinance, or the capital improvements program. During the plan amendment process, cities may discover that adopted plan policies and land use regulations are inconsistent with the results of studies undertaken during periodic review, or with the Council’s preferred policy direction. Faced with this problem, local governments often ignore or attempt to “write around” adopted plan policies and code standards in their findings, rather than change the policy or standard. Overall, it is more efficient to amend the plan and code consistent with the city’s desired direction as part of the legislative amendment package.²

Goal 2 “Reasons Exception”

The second part of Goal 2 sets forth procedures and criteria that must be followed whenever agricultural land is needed for non-agricultural purposes. This section applies when land is converted from rural to urban use as a result of a UGB amendment. The “reasons” for the Goal 3 “exception” must be included in both the city and county comprehensive plans and must meet the requirements of OAR Chapter 660, Division 4, Exceptions.

Goal 5: Natural Resources, Scenic and Historic Areas, and Open Spaces

Statewide Planning Goal 5 is interpreted by OAR Chapter 660, Division 23. Goal 5 includes a number of procedural requirements for resolving conflicts between urban development and significant resource areas.

- Develop inventory methods and significance criteria.
- If there are significant resource sites, (e.g., wetlands, riparian areas or historic sites), identify conflicts between resource protection and urban development. These conflicting uses are based on zoning. If the city changes zoning to accommodate more or different industrial uses, a new conflicting use determination may be necessary.
- Next, the ESEE (economic, social, environmental and energy) consequences of alternative courses of action must be considered. Again, the ESEE analysis depends on the conflicting uses allowed by zoning, which could change through this process.
- Based on this ESEE analysis, the city must develop and adopt a program that resolves conflicts between resource preservation and urban development.

If, as a result of its Goal 5 program, mapped resource areas are designated unbuildable, they must be removed from the inventory of buildable land. If the UGB does not include an adequate

² ECONorthwest and WPS will review the city’s comprehensive plan and zoning ordinance to identify potential consistency issues as part of this contract.

supply of buildable land, then the UGB itself must be amended to provide sufficient land through the Year 2020.

Wetlands and Riparian Areas

Woodburn has conducted a local wetlands inventory (LWI) for land within the UGB that identifies “significant wetlands and riparian areas” on existing and potential industrial sites. The Woodburn Buildable Lands Inventory classifies “wetlands and riparian areas” as unbuildable land. Nevertheless, it is important that Woodburn complete the Goal 5 process for significant wetlands and riparian areas. Otherwise, there may not be an adequate factual basis for removal of wetlands and riparian areas from the buildable land inventory. This would increase the supply of buildable land within the UGB and undermine the rationale for expansion. (Please see discussion of “safe harbor” provisions under substantive requirements of Goal 5, Section II.)

Statewide Planning Goal 14: Urbanization

The procedural requirements associated with a Goal 14 UGB amendment are discussed under Goal 2, above. In summary:

- UGB amendments must be based on a coordinated population projection.
- The factual base underlying a UGB amendment must support the need for the amendment, consistent with Goals 9 and 10. The buildable lands inventory must recognize constraints identified Goal 5 and Goal 7 inventories.
- Both the city and the county must adopt the UGB amendment and plan designations for land to be included within the UGB.
- The procedural and notice requirements for exceptions specified in Goal 2, Part II (and in OAR Chapter 660, Division 4) and the urban growth management agreement between Marion County and Woodburn.
- Comments of state and federal agencies must be considered and accommodated to the extent possible.
- If a need for a specific type of site is identified in the economic opportunities analysis, the comprehensive plan and zoning ordinance must ensure that the site is reserved for that purpose.

Section II: Substantive Goals Requirements

In addition to procedural requirements, Statewide Planning Goals 3 through 14 have substantive requirements that must be addressed when substantial comprehensive plan and code amendments are proposed.

Goals 5: Natural Resources, Scenic and Historic Areas, and Open Spaces

As indicated in the discussion of Goal 5 in Section I, above, there is a relationship between Goal 5 resource areas, Goal 9 site suitability analyses, and Goal 14 buildable land inventories. If local governments restrict development on significant Goal 5 resource areas, then these areas are considered unbuildable. Since the city wants to ensure an adequate supply of buildable industrial land to meet long-term needs, the city should consider the site-suitability consequences of adopting regulations to protect Goal 5 resources.

Safe Harbor for Stream Corridors and Wetlands

OAR 660-23-090 and 660-023-100 explains how the Goal 5 process works for significant wetlands and stream corridors (riparian areas). Woodburn has two options:

1. Go through the entire Goal 5 process described in OAR 660-23-030 through 050 (and summarized in Section I, above); or
2. Use “safe harbor” options for significant wetlands and stream corridors.

WPS recommends that the city consider the safe harbor option, because it saves time and money and reduces uncertainty. The safe harbor option does not require a conflicting use analysis, ESEE analysis, or a local Goal 5 program. Rather, it simply requires protection of:

- locally-significant wetlands that appear on the LWI; and
- fish-bearing streams and their riparian area. (Maps of “fish-bearing streams” are available through ODFW or the Department of Forestry.)

WPS has developed safe harbor ordinances that have been acknowledged by LCDC for a number of jurisdictions in Oregon. If requested, WPS can provide copies of acknowledged safe harbor regulations for city review.

Historic Sites and Structures

Woodburn should account for significant historic sites and structures in the buildable land inventory. If there are sites or structures listed on the National Register and protected by

local regulations, their boundaries should be mapped and excluded from the buildable land inventory.

Goal 5 Conclusion

Goal 5 requires local governments to inventory significant resource sites, identify conflicting uses, and analyze the consequences of protecting, not protecting, or partially protecting each type of resource. Woodburn's stream corridors and wetlands reduce the area of land within the UGB available for development. Woodburn also has historic resources that may limit the development potential of designated industrial sites. Once Woodburn has made a policy choice regarding its treatment of stream corridors, wetlands and historic resources, these policy choices must be factored into the buildable lands inventory (and industrial site suitability analysis) for land within the UGB.

Goal 6: Air, Land and Water Resources Quality

Goal 6 requires that "air, land, and water resource quality" not be "degraded" as a result of planned urban development. DEQ is responsible for administration of the Clear Air Act and the Clean Water Act at the state level.³ The way that cities meet Goal 6 is through demonstration of compliance with Environmental Quality Commission (EQC) air, land and water quality administrative rules. Water quality standards typically are met through EQC approval of plans for sanitary sewer systems. DEQ also regulates point and non-point source emissions related to water and air quality. Therefore, coordination with DEQ is the essential element in demonstrating compliance with Goal 6.

Woodburn recently updated its Public Facilities Plan, which addresses storm drainage, sanitary sewer, water and transportation projects necessary to accommodate planned growth within the UGB. However, if proposed plan amendments increase the supply of industrial land, then these plans may need to be revisited to assess any increased impacts from planned industrial development. If UGB amendments are proposed, then compliance with Goal 6 must be demonstrated. (See, for example, *Concerned Citizens v. Jackson County* [LUBA No. 95-225].)

Goal 6 Conclusion

Goal 6 requires that air, land and water resource quality not be degraded as a result of proposed plan amendments. If industrial land is added to the UGB, then the city must demonstrate that it has coordinated these changes with the Department of Environmental Quality to address any increased impacts.

Goal 7: Areas Subject to Natural Disasters and Hazards

³ See, for example, OAR Chapter 240, Divisions 21, 35, 41 and 48.

Goal 7 requires that cities and counties adopt measures to protect life and property from natural hazards and disasters, such as slides and floods. Because Woodburn is relatively flat, it does not have major slope hazards. Woodburn does, however, have considerable land within the 100-year floodplain.

The Goal 10 Administrative Rule authorizes local governments to exclude land with slopes of 25% or greater, and land within the 100-year floodplain, from residential buildable lands inventories. (See definitions of buildable land in OAR Chapter 660, Division 8.⁴) These factors must be considered when assessing site suitability under the Goal 9 rule. (See OAR Chapter 660, Division 9.)

The 1999 Buildable Lands Inventory excluded the 100-year floodplain and slopes of 25% and greater from the buildable lands inventory. (See Exhibit 1, Memorandum from W&H Pacific dated June 25, 1999.)

However, more recently, DLCD has asked local governments to adopt regulations that prohibit development on steep slopes and within the 100-year floodplain, if such land is to be considered “unbuildable” for purposes of UGB analysis.⁵ Although we know of no case law that supports this position, the city should be aware that this interpretation exists.

Goal 7 Conclusion

Woodburn must consider areas subject to natural disasters and hazards when assessing industrial site suitability. Because Woodburn is located on relatively flat land, the city’s primary natural hazard is flooding. The city’s 2000 buildable lands inventory excludes land within the 100-year floodplain. Generally, land within the 100-year floodplain and on slopes of 25% or greater is considered unbuildable.

Goal 8: Recreational Needs

Goal 8, as it applies within UGBs, has no implementing administrative rule. In Woodburn’s case, improving the city’s park and recreation system probably will make the city more attractive to firms that may choose to locate in the area.

⁴ OAR 660-08-0005(2) reads as follows:

“2) ‘Buildable Land’ means residentially designated vacant and, at the option of the local jurisdiction, redevelopable land within the Metro urban growth boundary that is not severely constrained by natural hazards (Statewide Planning Goal 7) or subject to natural resource protection measures (Statewide Planning Goals 5 and 15). Publicly owned land is generally not considered available for residential use. Land with slopes of 25 percent or greater unless otherwise provided for at the time of acknowledgment and land within the 100-year floodplain is generally considered unbuildable for purposes of density calculations.”

⁵ See, for example, 1999 comments from Mark Radabaugh and Bill Adams regarding McMinnville’s buildable lands inventory. See also draft Goal 14 administrative rule (not adopted). DLCD has offered different interpretations in many other acknowledgement orders. See, for example, Portland Metropolitan UGB or the Eugene-Springfield Metro Plan acknowledgement orders.

Generally, publicly-owned land that is reserved for parks is not considered available for private economic development. This assumption is reflected in the 1999 Buildable Lands Inventory. (See Technical Memorandum 1: Final Buildable Lands Inventory Methodology.)

Goal 8 Conclusion

There are unlikely to be any significant Goal 8 issues.

Goal 9: Economy of the State

ECONorthwest's primary tasks are to conduct the "economic opportunities analysis" (EOA) and determine whether Woodburn has an adequate supply of suitable sites available to meet the needs of targeted industries, as required by Goal 9 and OAR Chapter 660, Division 9. The Goal 9 rule resulted from 1983 legislation that required local governments to undertake economic opportunities analyses to improve the state's then-lagging economy. Quoting from OAR 660-09-000:

"The purpose of this division is to aid in achieving the requirements of Goal 9, Economy of the State (OAR 660-015-0000(9)), by implementing the requirements of ORS 197.712(2)(a) - (d). The rule responds to legislative direction to assure that comprehensive plans and land use regulations are updated to provide adequate opportunities for a variety of economic activities throughout the state (ORS 197.712(1)) and to assure that plans are based on available information about state and national economic trends. (ORS 197.717(2))."

"An Adequate Supply of Sites. . ."

ORS 197.712 makes it clear, among other things, that LCDC must ensure that cities provide "at least an adequate supply of sites of suitable sizes, types, locations and service levels for industrial and commercial uses" consistent with plan policies that address economic opportunities in the community. ORS 197.712 reads as follows:

"197.712 Commission duties; comprehensive plan provisions; public facility plans; state agency coordination plans; compliance deadline.

- (1) In addition to the findings and policies set forth in ORS 197.005, 197.010 and 215.243, the Legislative Assembly finds and declares that, in carrying out statewide comprehensive land use planning, the provision of adequate opportunities for a variety of economic activities throughout the state is vital to the health, welfare and prosperity of all the people of the state.*
- (2) By the adoption of new goals or rules, or the application, interpretation or amendment of existing goals or rules, the commission shall implement all of the following:*
 - (a) Comprehensive plans shall include an analysis of the community's economic patterns, potentialities, strengths and deficiencies as they relate to state and national trends.*
 - (b) Comprehensive plans shall contain policies concerning the economic development opportunities in the community.*

- (c) *Comprehensive plans and land use regulations shall provide for at least an adequate supply of sites of suitable sizes, types, locations and service levels for industrial and commercial uses consistent with plan policies.*
- (d) *Comprehensive plans and land use regulations shall provide for compatible uses on or near sites zoned for specific industrial and commercial uses.”*

Designation of Lands for Commercial and Industrial Uses

OAR 660-009-0025 focuses on “measures” that cities must take to implement ORS 197.712.⁶ Key among these measures is designating sites that meet identified needs for categories of employment uses. If plan amendments – especially UGB amendments – are proposed, then it is critical that Woodburn make detailed findings demonstrating consistency with these criteria.

“Measures adequate to implement policies adopted pursuant to OAR 660-009-0020 shall be adopted. Appropriate implementing measures include amendments to plan and zone map designations, land use regulations, and public facility plans:

- (1) *Identification of Needed Sites. The plan shall identify the approximate number and acreage of sites needed to accommodate industrial and commercial uses to implement plan policies. The need for sites should be specified in several broad ‘site categories’, (e.g., light industrial, heavy industrial, commercial office, commercial retail, highway commercial, etc.) combining compatible uses with similar site requirements. It is not necessary to provide a different type of site for each industrial or commercial use which may locate in the planning area. Several broad site categories will provide for industrial and commercial uses likely to occur in most planning areas.*
- (2) *Long-Term Supply of Land. Plans shall designate land suitable to meet the site needs identified in section (1) of this rule. The total acreage of land designated in each site category shall at least equal the projected land needs for each category during the 20-year planning period. Jurisdictions need not designate sites for neighborhood commercial uses in urbanizing areas if they have adopted plan policies which provide clear standards for redesignation of residential land to provide for such uses. Designation of industrial or commercial lands which involve an amendment to the urban growth boundary must meet the requirements of OAR 660-004-0010(1)(c)(B) and 660-004-0018(3)(a).*
- (4) *Sites for Uses with Special Siting Requirements. Jurisdictions which adopt objectives or policies to provide for specific uses with special site requirements shall adopt policies and land use regulations to provide for the needs of those uses. Special site requirements include but need not be limited to large acreage sites, special site configurations, direct access to transportation facilities, or sensitivity to adjacent land uses, or coastal shoreland sites designated as especially suited for water-dependent use under Goal 17. Policies and land use regulations for these uses shall:*
 - (a) *Identify sites suitable for the proposed use;*
 - (b) *Protect sites suitable for the proposed use by limiting land divisions and permissible uses and activities to those which would not interfere with development of the site for the intended use; and*

⁶ It is instructive to compare the Goal 9 rule requirements for “measures” with the “measures” that local governments may take for increasing land use efficiency required under ORS 197.296. See discussion under Goal 14.

(c) Where necessary to protect a site for the intended industrial or commercial use include measures which either prevent or appropriately restrict incompatible uses on adjacent and nearby lands."

Relationship to Goal 14

The above statutory and rule provision must be considered within the context of Statewide Planning Goal 14, which requires cities to include sufficient buildable land within UGBs to meet 20-year employment needs.⁷ The Goal 9 analysis addresses both the need for industrial land (Factors 1 and 2 of Goal 14) and the locational characteristics of needed industrial land (Factors 3-7 of Goal 14). Goal 14 has also been interpreted by the LCDC such that the UGB must include sufficient buildable land for "the planning period," and cannot have more than a 20-year land supply.⁸

The Woodburn Economic Opportunities Analysis will address, with specificity, the siting needs of a range of targeted industries and of industrial parks that typically accommodate targeted industries. These siting needs are expressed quantitatively (site size) and qualitatively (site location, topographic and service characteristics) for each targeted industry or type of industrial development.⁹

In most cases, by providing a 20-year supply of industrial land *in the aggregate*, the city will also have a sufficient industrial land supply to meet the siting needs of specific targeted industries. However, it is possible that the supply of suitable sites for a targeted industry or type of development may be extremely limited, to the point of constraining the short-term land market. For example, there may be only one available site that meets the need of a targeted industry, which would not provide for choice in the marketplace. In such cases, ORS 197.712(2) appears to allow local governments to amend the UGB to provide for such choice. However, OAR 660-009-0025 specifically requires that sites that are included within UGBs be specifically reserved for their intended employment use.

⁷ Note that the Goal 9 rule interprets the planning period as equal to 20 years.

⁸ The 1999 Oregon Legislature almost passed legislation that would mandate local and regional governments to provide a 20-year supply of buildable industrial and commercial land within their respective UGBs. The 2001 Legislature is considering a similar bill. The Goal 9 rule now requires that there be sufficient land to meet employment needs "within the planning period" (*i.e.*, 20 years). Based on discussions with DLCD staff, LCDC is likely to support 20-year buildable lands supply legislation in this legislative session. The draft Goal 14 administrative rule also mandates a 20-year industrial and commercial land supply.

⁹ Consider the following Goal 9 Rule definitions (OAR 660-009-0005):

"(3) 'Locational Factors': Features which affect where a particular type of commercial or industrial operation will locate. Locational factors include but are not limited to: proximity to raw materials, supplies, and services; proximity to markets or educational institutions; access to transportation facilities; labor market factors (*e.g.*, skill level, education, age distribution).

(4) 'Site Requirement': The physical attributes of a site without which a particular type or types of industrial or commercial use cannot reasonably operate. Site requirements may include: a minimum acreage or site configuration, specific types or levels of public facilities and services, or direct access to a particular type of transportation facility such as rail or deep water access.

(5) 'Suitable': A site is suitable for industrial or commercial use if the site either provides for the site requirements of the proposed use or category of use or can be expected to provide for the site requirements of the proposed use within the planning period."

In the end, an industrial land ledger sheet is required. The left-hand column identifies the site characteristics and buildable land area needed for each targeted industry or type of industrial development. The middle column describes buildable industrial sites available to meet this need. The right-hand column identifies the surplus or deficit for each targeted industry or type of industrial development. If there are sufficient suitable sites to meet identified needs for the next 20 years, the inquiry is over. However, any deficits identified on the ledger sheet must be addressed through the plan or code amendment process.

Goal 9 Conclusion

Woodburn must conduct an “economic opportunities analysis” that considers the city’s locational advantages and disadvantages in a regional context. Based on this analysis, the city must identify the types of industries it would like to attract, and the site characteristics required by targeted industries. Next, the city must compare the two. If the UGB has enough land that is properly planned and zoned – that has the site characteristics required by targeted industries – then Woodburn complies with Goal 9. However, if the Woodburn UGB lacks sites that have the site characteristics required by targeted industries, then plan or code amendments are necessary. These amendments must be consistent with other Statewide Planning Goals– especially Goals 2, 5, 10, 11, 12 and 14.

Goal 10: Housing

Goal 10 requires cities to provide sufficient buildable land to provide affordable housing for existing and future residents. Goal 10 reads as follows:

“To provide for the housing needs of citizens of the state. Buildable lands for residential use shall be inventoried and plans shall encourage the availability of adequate numbers of needed housing units at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households and allow for flexibility of housing location, type and density.”

Relationship to Goal 9

As discussed above, Statewide Planning Goal 2 requires that plans be internally consistent and that implementation measures be adequate to carry out the policy direction of the comprehensive plan. Woodburn has already conducted a housing needs analysis and buildable lands inventory as required by Goal 10.¹⁰ This housing needs analysis is based on assumptions about income levels of future Woodburn households, which are based on economic projections. If household income assumptions were to change based on the Economic Opportunities Analysis required by Goal 9, then the housing needs analysis may need to change also. ECONorthwest will review the 1999 housing needs analysis to ensure such internal consistency. If the housing needs analysis changes, this could affect

¹⁰ See *Woodburn Buildable Lands and Urbanization Project* (McKeever/Morris, Inc., February 7, 2000). See especially “Housing Needs Analysis Memorandum” (E.D. Hovee & Company, June 28, 1999) and “Final Buildable Lands Inventory” (W&H Pacific, June 25, 1999).

the area of buildable land needed for housing over the next 20 years. These changes must be carefully documented, especially if UGB amendments are proposed.

Relationship to Goal 14

Goal 14 requires cities to provide a 20-year land supply for housing. Across Oregon, most land within UGBs is allocated to meet housing needs. At the same time, Goal 14 requires a compact urban growth form and “maximum efficiency of land use.” Prior to amending UGBs, Goal 14 and ORS 197.198 require cities to examine whether greater residential land use efficiencies can be achieved through zoning or other measures.

If comprehensive plan amendments are necessary to comply with Goal 9, then Goal 14 requires Woodburn first to look inside its UGB to meet industrial needs – before considering rural and agricultural land outside the UGB. Like most cities, most of Woodburn’s buildable land supply is designated for residential use. Because there is so much residential land, increasing residential density provides a major opportunity to achieve greater land use efficiency. Therefore, Woodburn must carefully examine its residential land supply, to determine whether some residential land can be re-designated for industrial use,¹¹ before UGB amendments are considered. However, residential land can only be re-designated for industrial if the change will not cause a shortage of buildable residential land.

Goal 10 Conclusion

Goal 9 and Goal 10 analyses must be internally consistent. First, Woodburn must provide sufficient buildable land within its UGB to meet housing needs for the next 20 years. Housing need is a function of household income. The Economic Opportunities Analysis will help determine Woodburn’s economic future as well as the projected incomes of its residents. If incomes rise, needed housing types and densities may change, which could effect the amount of residential land that must be included within the UGB. Second, Woodburn may need more industrial land to meet its employment objectives.

Before Woodburn can amend its UGB to meet industrial needs, the city must demonstrate that residential land cannot be re-designated for industrial use. To do this, Woodburn must examine whether residential land can be used more efficiently, while providing sufficient buildable land to meet projected housing needs for the next 20 years. All of this analysis must be internally consistent and documented in any plan and code amendment findings.

Goal 11: Public Facilities and Services

Goal 11 requires a demonstration that adequate public facilities and services can be provided to serve buildable land within the UGB. The Goal 11 rule¹² also requires cities with populations of

¹¹ This was one of the primary purposes of the *Woodburn Buildable Lands and Urbanization Project*.

¹² See OAR Chapter 660, Division 11.

2,500 or greater to adopt “public facilities plans”. The public facilities plan (PFP) must address sanitary sewer, storm drainage, water and transportation facilities necessary to support planned housing and employment growth. The PFP must identify need public facilities projects, their approximate timing and estimated costs. If plan amendments are proposed, it is important to assess the impact of these plan amendments on the acknowledged public facilities plan – especially Woodburn’s ability to provide needed services to new industrial sites. ORS 197.712 and the Goal 9 rule go further, as indicted below.

Relationship to Goal 9

The Goal 9 rule interprets ORS 197.712 by requiring cities to identify “serviceable” industrial sites “at the time of periodic review.” “Serviceable” means those sites that now have, or can be provided with sanitary sewer, water, storm drainage and transportation services within one year.¹³ Our understanding of this rule provision is that when the *initial* public facilities plan is prepared, cities of 2,500 or greater must distinguish between serviceable and non-serviceable sites. However, later plan amendments are not required to make this distinction.¹⁴

Relationship to the Transportation Planning Rule

The Transportation Planning Rule (TPR or Goal 12 Rule)) was adopted about a decade after the Public Facilities Rule (Goal 11 Rule). Although transportation facilities are considered “public facilities” under the Goal 11 Rule, the TPR includes much more demanding requirements – especially where state highways are concerned.

Goal 11 Conclusion

At a minimum, the Goal 11 rule requires Woodburn to demonstrate that adequate sanitary sewer, water, storm drainage and transportation services can be provided to all land within its existing or proposed UGB – and especially to areas proposed for plan amendments or UGB expansion. We recommend that the city update its public facilities plan (PFP) in conjunction with any plan amendment package, to ensure compliance with Goal 11. We also request clarification from DLCDC regarding whether the requirements of OAR 660-009-0025(3) apply to plan amendments during this periodic review process.

¹³ OAR 660-009-0025(3) and (6).

¹⁴ OAR 660-009-0005(3) defines “serviceable” as follows:

6) ‘Serviceable’: A site is serviceable if:

(a) Public facilities, as defined by OAR Chapter 660, Division 11 currently have adequate capacity to serve development planned for the service area where the site is located or can be upgraded to have adequate capacity within one year; and

(b) Public facilities either are currently extended to the site, or can be provided to the site within one year of a user's application for a building permit or request for service extension.”

However, OAR 660-009-0025 requires that local governments with populations of 2,500 or greater make this distinction only once – at the time of the initial periodic review:

“(3) Short-Term Supply of Serviceable Sites. If the local government is required to prepare a public facility plan by OAR Chapter 660, Division 11 it shall complete subsections (a) through (c) of this section at the time of periodic review. Requirements of this rule apply only to local government decisions made at the time of periodic review. Subsequent implementation of or amendments to the comprehensive plan or the public facility plan which change the supply of serviceable industrial land are not subject to the requirements of this rule.”

Goal 12: Transportation

Goal 12 requires coordination with the Oregon Department of Transportation (ODOT) and Marion County in the provision of a “safe, convenient and economic transportation system” that “conforms with local and regional comprehensive land use plans.” All modes of transportation must be considered, while avoiding “principal reliance upon any one mode of transportation.” Transportation facilities must be inventoried and project needs determined. Transportation facilities must “facilitate the flow of goods and services so as to strengthen the local and regional economy.”

The Transportation Planning Rule (TPR) and the Oregon Highway Plan (OHP) implement Goal 12. The TPR requires local governments to prepare a “transportation systems plan” (TSP) that meets the requirements of OAR 660-012-020 through 055. The OHP is a component of Oregon’s Statewide Transportation Plan, and includes policies and investment strategies for the state highway system over the next 20 years.

The 1986 Woodburn TSP identified a number of traffic problems that must be addressed during the planning period. Key among these problems is congestion at the intersection of Interstate 5 and Highway 214. If industrial land is added to the Woodburn UGB, congestion at this intersection is likely to increase beyond projected levels.

Comprehensive Plan Amendments

Woodburn has an acknowledged TSP. However, projects identified in the Woodburn TSP are intended to serve planned development based on the comprehensive plan map as it existed in 1986. If changes are made to comprehensive plan designations, then it is likely that the TSP must be amended as well.

The principal reason for comprehensive plan amendments in Woodburn would be to increase the supply of suitable industrial sites within the UGB. When compared with rural or residential land uses, industrial land uses generate relatively high levels of traffic, especially during peak hours. Therefore, industrial plan amendments are likely to “significantly affect a transportation facility,”¹⁵ which in turn triggers OAR 660-012-060 (TPR 060) review criteria.¹⁶

¹⁵ According to OAR 660-012-060(2):

- (2) A plan or land use regulation amendment significantly affects a transportation facility if it:
- (a) Changes the functional classification of an existing or planned transportation facility;
 - (b) Changes standards implementing a functional classification system;
 - (c) Allows types or levels of land uses which would result in levels of travel or access which are inconsistent with the functional classification of a transportation facility; or
 - (d) Would reduce the level of service of the facility below the minimum acceptable level identified in the TSP.

¹⁶ The most relevant case in this regard is *DLCD v. City of Warrenton*, 37 Or LUBA 933 (2000). In that case, LUBA held that (1) a plan amendment that reduces the volume to capacity ratio over ODOT’s established maximum “significantly affects” a transportation facility; and (2) OAR 660-12-0060 also applies where the amendment would “further degrade” an already failing (*i.e.*, below standard) facility. In reaching this decision, LUBA relied on the 1999 *Oregon Highway Plan*, Policy 1F.6, which reads:

According to the TPR, comprehensive plan map amendments that have a “significant impact on land use” must either be scaled down or designed to generate less traffic – or the TSP must be amended to include facilities/measures that increase capacity:

- (1) Amendments to functional plans, acknowledged comprehensive plans, and land use regulations which significantly affect a transportation facility shall assure that allowed land uses are consistent with the identified function, capacity, and level of service of the facility. This shall be accomplished by either:
 - (a) Limiting allowed land uses to be consistent with the planned function, capacity and level of service of the transportation facility;
 - (b) Amending the TSP to provide transportation facilities adequate to support the proposed land uses consistent with the requirements of this division; or
 - (c) Altering land use designations, densities, or design requirements to reduce demand for automobile travel and meet travel needs through other modes.

It is our understanding that Woodburn is in the process of requesting a Transportation and Growth Management Program (TGM) grant to update the Woodburn TSP consistent with revised land use needs. It is critical that this grant recognize the relationships between land use and transportation planning in Oregon.

Iterative Process

Prior to adoption of the TPR in the early 1990s, land use planning often occurred in a vacuum, with transportation planning considered as an afterthought. TPR 060 now requires that land use and transportation planning occur at the same time, and that each inform the other. Because transportation facilities are expensive, the cost of providing these facilities is often the limiting factor in determining *where* industrial land should be located.¹⁷

This iterative process is anticipated in the Goal 9 rule. In order to meet Goal 9 site suitability requirements, industrial sites must be shown to have adequate transportation facilities and access. In Woodburn’s case, this means providing adequate access to Interstate 5 and constructing transportation improvements that reduce congestion at the I-5 / Hwy 214 intersection. Thus, the cost of providing adequate transportation facilities to potential industrial sites must be considered early in the review process. If costs are too high, a given site may not be considered “suitable” for industrial use.

“...for purposes of evaluating amendments to...acknowledged comprehensive plans and land use regulations subject to OAR 660-012-0060, in situations where the [v/c ratio] for a highway segment, intersection or interchange is above the standards [established in the OHP] and transportation improvements are not planned within the planning horizon [usually, the next 20 years] to bring performance to standard, the performance standard is to avoid further degradation. If an amendment...to an acknowledged comprehensive plan or land use regulation increases the [v/c ratio] further, it will significantly affect a transportation facility.”

¹⁷ The other key locational factor, of course, is the Goal 3 requirement to preserve agricultural land. This issue is further addressed under Statewide Planning Goal 14, Urbanization.

As discussed under Goal 14 below, the City should document how it has considered each the three options listed under OAR 660-012-060(1).

- **Limit Land Uses**

This option can be addressed in one of two ways: first, by reducing the amount or type of industrial land to reduce traffic; or second, by locating industrial uses to based on the capacity of existing and planning transportation facilities.

- **Provide Adequate Transportation Facilities**

In Woodburn's case, this option may be the primary means of satisfying TPR 060 requirements. However, as indicated above, the high costs of transportation facilities may be the limiting factor in the city's economic development program. Transportation facilities must also be located so as to minimize impacts on agricultural land.

- **Alter Land Use and Design Requirements**

This option focuses on ways to reduce transportation impacts through techniques such as mixed uses and design standards that encourage alternative modes of transportation. This option must be considered as part of any successful economic development or transportation improvement program.

Goal 12 Conclusion

Woodburn anticipates designating additional industrial land to meet its economic development objectives. These land use changes would increase traffic and will "significantly affect" transportation facilities, especially at the Interstate 5 / Highway 214 interchange. The Transportation Planning Rule (OAR 660-012-060[1]) requires that Woodburn amend the TSP to provide adequate transportation facilities and design standards to reduce transportation impacts. Because of the relationship between land use and transportation, and the high costs of transportation facilities, TPR 060 review is an iterative process.

Goal 13: Energy Conservation

The most significant Goal 13 issue is energy use in the transportation sector, particularly automobile use. The thrust of Woodburn's economic development program is to increase local employment and to avoid becoming a long-commute bedroom community. Goal 13 requirements can be met by using transportation facilities more efficiently, and minimizing vehicle miles traveled by placing housing near employment.

Goal 14: Urbanization¹⁸

¹⁸ Much of this Goal 14 analysis resulted from a collaborative process with land use attorney Corinne Sherton as part of the 1997 Canyonville, Oregon urban growth boundary process.

Goal 14's purpose is: "To provide for an orderly and efficient transition from rural to urban land use." Goal 14 applies to amendments expanding the City's urban growth boundary (UGB) that, by definition, convert rural land to urban or urbanizable land. Goal 14 also applies to amendments to the City's comprehensive plan and land use regulations that affect the conversion of urbanizable land within the UGB to urban uses.

UGB Amendment Issues

Under Goal 14, UGB amendments are governed by:

- Seven UGB establishment factors set forth in Goal 14 itself;
- Priorities for adding land to a UGB set forth in ORS 197.298; and
- Goal exception requirements of ORS 197.732/Goal 2, Part II and OAR 660-04-010(1)(c)(B) and 660-04-020.

Due to the overlapping nature of these standards, they are addressed in integrated form in this section. The relevant issues are addressed under three topical sub-headings:

- The need to expand the city's UGB to include additional land;
- The choice of which land to add to the UGB; and
- Whether the chosen areas are serviceable and compatible with adjacent uses – especially agricultural uses.

Need to Add Additional Land to UGB

Several applicable standards relate to this issue. Goal 14 factors 1 and 2 require the demonstration of a "need" to add land to the UGB, based on long range population projections, housing needs, providing employment opportunities and/or promoting livability.

ORS 197.232(1)(c)(A) and Goal 2, Part II(c)(1) require that "reasons justify why the state policy embodied in the applicable goals should not apply." However, OAR 660-04-010(1)(c)(B)(i) specifically provides that this requirement can be satisfied by compliance with the seven factors of Goal 14. Consequently, ORS 197.232(1)(c)(A) and Goal 2, Part II(c)(1) should be addressed together.

ORS 197.232(1)(c)(B) and Goal 2, Part II(c)(2) require a demonstration that areas that do not require a new goal exception "cannot reasonably accommodate the use." In the context of a proposed UGB amendment, this requires a showing that the needs for urban uses cannot be satisfied on land already within the UGB.¹⁹ This issue is also relevant to Goal 14 factor 4, which requires the consideration of "maximum efficiency of land uses" within the existing urban area.

¹⁹ This is because placing needed urban uses on rural land outside a UGB would require exceptions to Goals 11 and 14 and, in many instances also Goals 3 and 4. The only exception might be if the needed urban uses could be accommodated in an "urban unincorporated community," as that term is defined in OAR 660-22-010(8). There is one nearby unincorporated community in Marion County – Brooks. Fargo may also be a rural service center, although this designation is currently under dispute.

(1) Factors 1 and 2

- (1) Demonstrated need to accommodate long range urban population growth requirements consistent with LCDC goals.
- (2) Need for housing, employment opportunities, and livability.

The baseline for all Goal 14 analysis is the coordinated population projection. It is possible that Woodburn may decide to revise this projection consistent with its economic development objectives. Any change in population projection must be justified based on sound demographic analysis, must consider the State Economist's projection for Marion County, and must be fully coordinated with both Marion County and the State of Oregon.

The Economic Opportunities Analysis provides analysis necessary for determining the quality and quantity of sites needed to comply with Goal 9 and Woodburn's economic development objectives. As indicated under the Goal 10 discussion, the housing needs analysis and buildable land inventory will also need to be revised in the light of Woodburn's economic development program. The need for public facilities (transportation, sewer, water, storm drainage, parks, schools) must also be considered in the land needs analysis.

Based on recent case law, the City must clearly explain the assumptions used in projecting housing, employment and livability needs.

(2) Factor 4; ORS 197.232(1)(c)(B) and Goal 2, Part II(c)(2)

- (4) Maximum efficiency of land uses within and on the fringe of the existing urban area. "Areas which do not require a new [goal] exception cannot reasonably accommodate the use."

OAR 660-04-020(2)(b), which implements ORS 197.232(1)(c)(B) and Goal 2, Part II(c)(2), further requires consideration of alternative areas considered that do not require a new goal exception, and that there be an explanation of why the needed uses cannot be reasonably accommodated on such land, and that this explanation consider increasing the density of use in such areas. In Woodburn's case, these standards require a demonstration that the projected needs for urban uses cannot be accommodated within the City's existing UGB, either by locating the needed uses on vacant buildable land within the UGB or by increasing the existing or future density of uses within the existing UGB.

This means that Woodburn must consider the potential for using land already within the UGB more efficiently. This requires explicit consideration of whether changing plan designations within the UGB can be used to increase density, and whether individual vacant lots within the UGB can be assembled to produce larger areas of buildable land to provide for the proposed uses. The justification for the UGB expansion must explain the City's efforts to intensify land uses within the existing UGB to meet a portion of the identified need.

Selection of Land to Add to UGB

The selection of land to add to the UGB is governed by several overlapping standards or sets of standards. ORS 197.298 establishes a system of priorities for selecting land to be added to a UGB. Both ORS 197.298(2) and Goal 14 factor 6 require that land with lower agricultural capability be given higher priority for inclusion. In addition, ORS 197.732(1)(c)(C) and Goal 2, Part II(c)(3) require that the long-term environmental, economic, social and energy (ESEE) consequences resulting from adding the selected areas to the UGB are not significantly more adverse than would result from adding alternative areas to the UGB.

Goal 14 Factor 5 also requires consideration of the ESEE consequences of adding the selected areas to the UGB. Finally, pursuant to Goal 14 factors 3 and 4, the consideration of alternative areas should include their relative serviceability and efficiency of location in relation to the existing urban area. Woodburn must also describe and justify its process for identifying study areas outside the UGB, and then describe and analyze the characteristics of each of the study areas.

(1) Factor 6; ORS 197.298

- (6) Retention of agricultural land as defined; with Class I being the highest priority for retention and Class VI the lowest priority.

ORS 197.298(1) requires that the following priorities be used in selecting land for inclusion in a UGB (in order of higher to lower priority for inclusion):

- (1) Land designated as an urban reserve under ORS 197.298.
- (2) Exception areas or nonresource land adjacent to the UGB.
- (3) Land designated as marginal land under ORS 197.247.
- (4) Land designated for agriculture or forestry in an acknowledged comprehensive plan.

ORS 197.298(2) requires that land of “lower capability as measured by the [U.S. Natural Resources Conservation Service (NRCS) agricultural soil] capability classification system or by cubic foot site class, whichever is appropriate for the current use,” be given higher priority for inclusion in a UGB. However, ORS 197.298(3) allows land of lower priority to be included in a UGB in the following circumstances:

- (a) Specific types of identified land needs cannot be reasonably accommodated on higher priority lands;
- (b) Future urban services could not reasonably be provided to the higher priority [lands] due to topographical or other physical constraints; or
- (c) Maximum efficiency of land uses within a proposed [UGB] requires inclusion of lower priority lands in order to include or provide services to higher priority

lands.

The UGB justification must explain how the priorities of ORS 197.298(1) are satisfied after considering acknowledged exception areas adjacent to the UGB and nearby unincorporated rural communities. In order to satisfy ORS 197.298(2) and (3) and Goal 14, Factor 6, higher capability agricultural must be retained outside the UGB. High Value agricultural soils (as described in OAR Chapter 660, Division 33, Agricultural Lands), should not be included within the UGB if there are reasonable alternatives. Agricultural Class III and IV soils should be included before Agricultural Class I and II soils.

(2) Factors 3 and 4

- (3) Orderly and economic provision for public facilities and services.
- (4) Maximum efficiency of land uses within and on the fringe of the existing urban area.

In evaluating alternative areas for possible inclusion in the UGB, these factors require consideration of their relative serviceability, suitability for efficient urban land uses, and location in relation to the existing urban area. The Goal 12 iterative analysis process described above is directly applicable here, because transportation facilities are also “public facilities” under Factor 3. Detailed findings regarding the city’s capacity to serve both the existing UGB and the expanded UGB must be provided with respect to sanitary and storm sewer, water, and transportation services.

(3) Factor 5; ORS 197.232(1)(c)(C) and Goal 2, Part II(c)(3)

- (5) Environmental, energy, economic and social consequences.

The long-term [ESEE] consequences resulting from the use of the proposed site with measures designed to reduce adverse impacts are not significantly more adverse than would typically result from the same proposal being located in areas requiring a goal exception other than the proposed site.

OAR 660-04-020(2)(c), which implements ORS 197.732(1)(c)(C) and Goal 2, Part II(c)(3), requires a description of the characteristics of the alternative areas considered, a discussion of the “typical advantages and disadvantages” of including each area in the UGB, and identification of the “typical positive and negative consequences” resulting from including the selected areas in the UGB, “with measures designed to reduce adverse impacts.” OAR 660-04-020(2)(c) also requires an explanation of why the ESEE consequences of adding the selected areas to the UGB, are not significantly more adverse than adding the alternative areas to the UGB.

Therefore, the UGB analysis must describe the level of development projected for the areas added to the UGB. This analysis must also identify proposed measures designed to reduce adverse impacts (*e.g.*, riparian corridor or floodplain provisions). Finally, the analysis must

consider the relative ESEE consequences of designating specific areas for inclusion within the UGB, when compared with alternatives.

Serviceability and Compatibility of Land Added to UGB

Once a need to add land to the UGB has been demonstrated, and the requirements for selection of areas to be added satisfied, it is still necessary to demonstrate that the City has the capability to provide public facilities and services to the areas in an orderly and economic manner (Goal 14, Factor 3) and that proposed urban uses of the areas will be compatible with other adjacent uses (Goal 14 factor 7; ORS 197.732(1)(c)(D) and Goal 2, Part II(c)(4)).

(1) Factor 3

(3) Orderly and economic provision for public facilities and services.

Factor 3 requires a demonstration that public facilities and services can reasonably be provided to the areas added to the UGB over the planning period, without leaving areas already within the UGB with inadequate facilities and services. The City must show that water and sewerage services can reasonably be provided to the areas added to the UGB over the planning period, without leaving areas already within the UGB with inadequate facilities and services. Woodburn must make a similar showing for other public facilities and services (*i.e.*, police, fire protection, schools, stormwater and solid waste disposal. This can be accomplished by cross referencing Goal 11 and Goal 12 findings.

(2) Factor 7; ORS 197.232(1)(c)(D) and Goal 2, Part II(c)(4)

(7) Compatibility of the proposed urban uses with nearby agricultural activities.

The proposed uses are compatible with other adjacent uses or will be so rendered through measures designed to reduce adverse impacts.

“Compatible” does not require that there be no interference with, or adverse impact of any kind on, adjacent uses, but rather that the uses be reasonably able to coexist. OAR 660-04-020(2)(d). To address this standard, the City must describe the adjacent rural land uses, and agricultural management and production practices on land adjacent to the areas added to the UGB. The City must also explain why the proposed urban uses will be compatible. If setbacks or other mitigation measures are necessary to ensure compatibility, they must be stated and provisions requiring compliance must be adopted.

Conversion from Urbanizable Land to Urban Uses

Goal 14 provides that conversion of urbanizable land to urban uses shall be based on consideration of four factors. These factors shall be referred to as “conversion” factors, to distinguish them from the seven UGB establishment/amendment factors discussed above. The Goal 14 conversion factors apply to comprehensive plan and land use regulation amendments that affect regulations governing when urbanizable land within a UGB can be put to urban use,

or that redesignate and rezone urbanizable land so that it can be put to urban use. The conversion factors are also applicable to map amendments that add land to the UGB and redesignate land for urban uses.

a. Conversion Factor 1

- (1) Orderly, economic provision for public facilities and services.

To adequately address this factor, the City must demonstrate that it has policies and regulations in place to ensure that adequate public facilities are provided to planned urban development. The City must also demonstrate that it has the capacity to provide such services in a timely fashion. (See also UGB amendment findings related to Goal 14, Factor 3.)

b. Conversion Factor 2

- (2) Availability of sufficient land for the various uses to insure choices in the market place.

Generally, by providing sufficient land to meet 20-year need for each category of land use (industrial, commercial, residential, public), this standard is met. However, the Goal 9 rule and ORS 197.712 both require that local governments provide “at least” an adequate number of suitable industrial and commercial sites to meet employment needs over the next 20 years. See discussion under Goal 9, above.

c. Conversion Factor 3

- (3) LCDC goals or the acknowledged comprehensive plan.

Woodburn must address each applicable Statewide Planning Goal as indicated in this memorandum.

d. Conversion Factor 4

- (4) Encouragement of development within urban areas before conversion of urbanizable areas.

Here, it is important that Woodburn identify measures it has adopted to encourage development in urban areas before moving into urbanizable areas. Such measures typically include annexation policies, adequate public facilities policies, large-lot holding zones and the like. Findings addressing this factor should cross reference Goal 14 Locational Factor 4 findings that explain why needed uses cannot be accommodated within the existing UGB/urban area.

Summary & Conclusions

If the City of Woodburn decides to make major plan amendments to meet its economic development objectives, it will take approximately two years to complete the necessary planning studies, effectively involve citizens, and coordinate with affected agencies.

Each of Oregon's applicable Statewide Planning Goals must be addressed. The plan amendment process is complicated by the fact that some goals are more important than others. Certain goals – Goals 2 (Land Use Planning), 9 (Economy of the State), 10 (Housing), 11 (Public Facilities and Services), 12 (Transportation) and 14 (Urbanization) – will be especially important for comprehensive plan and land use regulation amendments that propose to increase the supply of industrial land. Other goals – Goals 5, 6, 7, 8 and 13 – are relatively unimportant but still need to be addressed. Those goals that will be more important in the plan amendment process have administrative rules that are much more detailed – and demanding – than the goals themselves.

The Economic Opportunities Analysis (EOA) is the critical first step in determining whether there is need to amend the Comprehensive Plan. The EOA must identify, with specificity, the types of firms and industrial development opportunities the city would like to attract. Goal 9 (Economy of the State) and Goal 14 (Urbanization) each require that sufficient suitable land be planned within the urban growth boundary to meet the city's need for industrial and commercial land for the next 20 years.

Then, the siting needs of targeted industries (or industrial parks that accommodate targeted industries) must be identified – in terms site size, location, serviceability, topography and the like. The more specific the site suitability criteria, the less likely that one industrial site can be substituted for another. Next, there must be a careful comparison of these site suitability criteria with suitable sites that are already within the UGB, appropriately planned and zoned. If there is a mismatch between the what is needed and what is available, then the base case for a plan amendment can be made.

Both Goal 9 (Economy of the State) and Goal 11 (Public Facilities and Services) require that the city demonstrate that it can provide services to needed industrial sites. This requires an examination of needed projects as well as the city's financial ability to provide these services. Unless it is feasible to provide needed services (stormwater drainage, sanitary sewer, water and transportation), then the sites are not considered "suitable" under Goal 9 or ORS 197.712.

Still, this analysis is just the beginning. It is possible that existing industrial land could be re-planned and re-zoned to achieve the required match. For example, if there is a shortage of light industrial land but a surplus of heavy industrial land that otherwise meets site suitability criteria, a re-zoning may solve the problem without a UGB amendment. If the shortage of suitable industrial sites persists, the next step is to carefully examine other land *within the UGB* that could be re-planned to meet the need – without resulting in a shortage. Residential land is the most likely possibility. However, Goal 10 (Housing) does not allow the city to fall below 20-year land need for housing. So, there must be a careful analysis of needed housing by type, compared

with buildable land by zoning district, to determine whether residential land can be rezoned to meet industrial needs. This is one of the reasons why we are also examining housing needs again, to make sure that there is a fit between anticipated household incomes and housing types in Woodburn.

Goal 14 (Urbanization) comes into play after the need for land to accommodate public facilities, housing and employment has been determined. This goal, and ORS 197.196, requires the City to examine whether residential land might be zoned more intensively, say, at 10 units per acre rather than eight. Increasing residential density might free up some of the residential land supply to meet industrial needs. *The city can seek land outside the UGB only if all other options for meeting the specific siting needs of targeted industries within the growth boundary have been thoroughly examined.*

If amendments to the urban growth boundary can still be justified, then these amendments are likely to face a higher level of scrutiny from state agencies and land use interest groups. Goals 2 (Land Use Planning), 14 (Urbanization—Factors 3 through 7) and ORS 197.198 establish “priorities” for bringing land into the UGB. High value farmland is dead last – and Woodburn is surrounded by high value farmland. So, if there are any available “exceptions areas” (*i.e.*, land not zoned for exclusive farm use), then the city must look there first. Only if there are no reasonable alternatives to converting agricultural land to residential use can the city justify a “reasons exception” to bring farmland into the UGB.

If there is still an unmet need for a certain type of industrial land that cannot be met within the UGB, the city must bring in lower quality agricultural land first. Agricultural land with class I soils are the lowest priority for inclusion because it is the best quality farmland. If it happens that the most suitable site—the site with the best access and lowest cost of providing public facilities—is also the best farmland, the burden of proof rises. There must be a very good case for including this land in the UGB, or the LCDC is unlikely to support the amendment in the face of almost certain opposition from agricultural land conservationists.

Finally, even if all of these standards are met, there is still the “060” issue. Increasingly, ODOT has enforced the Transportation Planning Rule requirement that plan amendments not “significantly affect” a state transportation facility. And, since UGB amendments necessarily mean increased traffic – and in Woodburn this means increased traffic to Interstate 5 or Highway 99 – ODOT involvement is assured. The Land Use Board of Appeals has held that (1) a plan amendment that reduces the volume to capacity ratio over ODOT’s established maximum “significantly affects” a transportation facility; and (2) **OAR 660-12-0060** also applies where the amendment would “further degrade” an already failing (*i.e.*, below standard) facility. In reaching this decision, LUBA relied on the 1999 *Oregon Highway Plan*, Policy 1F.6, which reads:

“...for purposes of evaluating amendments to...acknowledged comprehensive plans and land use regulations subject to OAR 660-012-0060, in situations where the [v/c ratio] for a highway segment, intersection or interchange is above the standards [established in the OHP] and transportation improvements are not planned within the planning horizon [usually, the next 20 years] to bring performance to standard, the performance standard is

to avoid further degradation. If an amendment...to an acknowledged comprehensive plan or land use regulation increases the [v/c ratio] further, it will significantly affect a transportation facility.”

For these reasons, Goal 12 is likely to be the deepest pitfall, because major improvements to Interstate 5, Highway 99, or both, will likely be necessary to serve increased traffic resulting from plan amendments necessary to meet identified site suitability needs.

In summary, if the city amends its comprehensive plan and land use regulations to provide serviced sites that meet identified needs of targeted industries, these amendments must comply with the procedural and substantive requirements of each of the applicable Statewide Planning Goals and their accompanying administrative rules. Statewide Planning Goals 2, 9, 10, 11, 12 and 14 must all be met, and each imposes demanding requirements that must be systematically and consistently addressed in any plan amendment process.